



# National Background Paper France



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# 27 National Seminars Anticipating & Managing Restructuring

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## National Seminar – France Anticipating and Managing Restructuring

National Background Paper  
France

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Claude-Emmanuel Triomphe  
with Christophe Teissier and Alexandra Goryacheva  
ASTREES



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### Executive summary

#### 1. ECONOMIC CONTEXT

In the second quarter of 2008 and for the first time since 2004, paid employment in non-agricultural trade sectors fell back. The same was true of the GDP growth rate, which, while relatively stable over the 2005-2007 period, fell significantly in 2008. The forecasts for 2009 and 2010 have proved to be particularly gloomy. More generally, it is the services sector that employs the majority of the French active population (74.5 %), while industrial employment fell by 1.5% over the 2003-2007 period. This fact supports the hypothesis of France's industrial decline. It is no surprise that this sector is particularly affected by the recession.

Although the unemployment rate has fallen significantly since 2006, from 10.1% of the active population in 2006 to 7.7% at the beginning of 2008, there has been a sharp reversal in this trend since July 2008. Besides these variations, France has been faced for a long time with a lack of jobs. Unemployment affects certain population categories more particularly, especially the young active population.

Although the open-ended contract remains the dominant form of employment in the private sector, it is slowly losing its dominance in favour of fixed-term and temporary employment contracts directly and heavily affected by the recession. On the labour market, the temporary employment sector, since the second quarter of 2008, has experienced an unprecedented decline, which highlights the gravity of the current recession. The restructuring accompanying this recession puts France back in a position of facing difficulties that are perhaps only too familiar, if not overcome: dealing with mass unemployment, tackling ever-increasing segmentation on the labour market, concentrating economic development on healthy sectors to guarantee greater and more sustainable growth.

#### 2. ANTICIPATING RESTRUCTURING

The aim of anticipating restructuring, particularly job cuts, has taken on greater importance over time. For some years, public authorities and social partners have been working, at all levels, to promote human resource planning approaches. A number of systems have been set up for this purpose, with a view notably to increasing the means of guaranteeing workers what could be called "a more secure career path" instead of a job for life within the same company, which few believe in nowadays. From this perspective, the emphasis is clearly placed upon suitable tools to improve the employability of people so as to better manage professional transitions. Training systems are especially sought, as well as tools that can help to predict trends in jobs and skills within a context that goes increasingly beyond that of the firm.

The economic recession accentuates this trend, leading the different players to make use of new resources serving the objective of job security. The result is an increase in levels of intervention and, in correlation, the players involved. These changes are based on the important promotion of social dialogue within its traditional contexts (firm and branch) but also beyond these contexts (the region). Nonetheless, a number of the measures and initiatives adopted have not, or have not yet, produced the expected results.

### 3. SUPPORTING RESTRUCTURING

Managing the social consequences of restructuring, and in particular mass economic redundancies, is an age-old preoccupation. It is translated as a high level of redundancy supervision, guided by the notion of the employer's accountability. The extent of this accountability, however, varies greatly depending on the size of the firm and is not in the least exclusive of major government intervention, notably through a number of government aid initiatives. The fact remains, however, that the change is marked by a desire to direct methods of supporting restructuring more towards an objective of re-employing rather than compensating workers. Within this perspective, other players besides the firm, and more besides, are more and more involved in supporting restructuring. In parallel, systems supporting restructuring do not consider just the firm undergoing restructuring, and will no doubt consider simply the firm less and less often. They also apply to broader contexts such as the region or the employment area.

### 4. GENERAL EVALUATION

The study shows that the French “model” for managing restructuring is extremely rich and complex. Its spheres of action are multiple and take the form not only of government intervention but also, and at an increasingly regional level, social dialogue at all levels, beginning with the firm, and a multiplicity of external players, re-employment experts, consultants and firms.

#### 4.1 *The French model: the persistent weighting of support practices*

Despite significant changes, some of which have been in place for 20 years, the French model remains marked by the weighting of support rather than anticipation practices. Restructuring only becomes a challenge for most players at a late stage, most commonly when major lay-offs are contemplated. Moreover, little attention is paid to forms of reorganisation which have no immediate or perceivable impact on employment, which can hardly be said to foster anticipation practices.

The weaknesses of the existing model are for some the object of an important consensus between the players while for others, an at times lively debate. We can characterise the weaknesses as follows:

#### ■ ***Unequal treatment at several levels:***

- Primarily between the firms. The French model is broadly based on the responsibility of the employer, which results in very different resources, very varied sizes and extremely varied ways of taking action. The large firms and groups seem to have the right tools to tackle restructuring, while the SME scarcely do at all and do not have access to systems for restructuring that are simply and rapidly accessible.
- Then between the workers, whether in terms of generations (young and old), levels of qualification, job statuses (open-ended contracts/other contracts with, for the latter, an exclusion de jure or de facto of a number of support frameworks). For some, restructuring will take the exclusive form of financial compensation. For others, this may, depending on their employment status or whether or not they belong to a large firm, go hand in hand with



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active vocational retraining or re-employment measures. The resulting sense of injustice leads to very strong resistance to the change.

- Finally between the regions, since the most vulnerable regions are not necessarily those on which the greatest efforts are focused.

■ ***Persistent curbs in terms of anticipation, among which are:***

- the dissymmetry of strategic information between the firm's management and the staff representatives and unions;
- the "hyper-accountability" of the firms which leads, on the one hand, to their managers taking innovative action, but also leading to approaches to bypass rather than solve the problems and, on the other hand, a number of players stating requirements to the firm that it is not always able to meet;
- the non-existence or deficiency of places of dialogue to allow SME to deal with their specific restructuring operations;
- education in restructuring that is necessary but still poorly implemented, both by the managers of the firm and the public authorities. This causes mistrust among the workers, who feel like victims in the face of procedures perceived as being obscure, unfair and negative in terms of professional duty. This leads also to very strong resistance to the change;
- local authorities and regional organisations which are still very disparate in their methods of accounting for restructuring, often doing so at a late stage or on a very cyclical basis;
- a legal framework based principally on the notion of mass redundancy and the employment safeguard plan, in other words on measures that are far more often downstream rather than upstream of the decisions.

■ ***Structures too spread out and too complex, currently characterised by:***

- their compartmentalisation, the frequently one-off nature of their interventions and the low level of cooperation over time;
- an approach at times strongly focused on employment and not enough on the overall challenges posed by professional transitions, not sufficiently focused on equipping the people, their accountability and their personal projects;
- a lack of evaluation of restructuring and its effects on the economic and social performances and policies, notably public policies, that restructuring leads to.

## ***4.2 The French model: changes and challenges***

The changes made to the model over recent years can be characterised as follows:

■ ***The search for a new balance between public intervention and that of the social partners.***

This balance still fluctuates and does not appear to have yet reached maturity. Social dialogue at a multi-industry level remains marked by major government injunctions, sinusoidal type relations between public authorities and social partners, multiple and virtually non-transparent interactions between government and regional authorities, compartmentalisation between players still very frequent and cooperation over time still difficult. In terms of restructuring, social dialogue at a branch level remains, overall, rather weak. At a company level, however, it has progressed significantly with attempts, although

still uncertain, to introduce bargaining processes that go beyond the traditional information-consultation process.

■ ***Numerous innovations made in terms of anticipation:***

- creation of economic and social development strategies at a regional level in particular, marked, among other things, by the implementation of poles of competition;
- implementation of business and skills observatories at the sectoral and regional level;
- strong encouragement given to bargaining on human resource planning, firstly at a company level but also at a regional level, and initiatives promoting the “cold” vocational or geographical mobility of the workers;
- emphasis placed on training throughout the career with, on the one hand, numerous initiatives on validating experience acquired, skills sheets etc. and, on the other, successive reforms in vocational training in terms of facilitating access, structural reforms and portability of rights;
- employment contracts made by negotiation more flexible, with a better access to vocational training and unemployment benefits, in order to counter the effects of market segmentation;
- finally, although this measure could be considered as coming under anticipation as much as support, the extension of possibilities.

■ ***Important changes in terms of supporting restructuring, with:***

- introduction of professional transition formulas such as personalised re-employment agreements or professional transition contracts, re-employment leave, promoting general use of re-employment units in employment safeguard plans etc....;
- emphasis placed on the notion of regional revitalisation and the social responsibility of the firm;
- reorganisation of the public employment service, both in terms of placement and benefits (creation of the employment pole) and in terms of the work and employment services found in larger administrative units;
- reform of unemployment benefits aimed at, among other things, a lesser degree of exclusion of workers on fixed-term and temporary employment contracts.

The challenges of the French model for managing restructuring are numerous and go alongside long-standing difficulties in access to employment for the young and the return to employment for the socially excluded or the long-term unemployed. We believe there are three major challenges, which today consist in:

- arriving at a more satisfactory level of anticipation at the different levels of the firms, sectors and regions and developing “assumed” restructuring education based on dialogue
- promoting a professional transition model that is less unequal, less complex and more efficient
- making restructuring a society challenge benefiting all and involving everyone.

## Introduction

Mass redundancy, company closure, relocation, outsourcing and TOB, reorganisation, merger, sales: all these go hand in hand with the notion of restructuring which has in France become a generic, even universal concept, the subject of multiple uses, debates and controversies. Restructuring, however, covers a broad and diversified reality of which only a part is really accounted for. Restructuring, in economic and social terms, has become a society factor. For more than 30 years, French society has moved from an “accidental” vision of restructuring to a “structural” vision: restructuring can be recurrent and not just “crisis” restructuring. Restructuring can affect any activity (even healthy), any firm, and any category of worker.

This document aims to offer the reader a general overview of the methods for anticipating and supporting restructuring in France. This overview first of all describes the economic context of the restructuring processes, with indications as to the trends affecting the French labour market (chapter 1). It then separately considers each of the themes in terms of anticipating (chapter 2) and supporting restructuring (chapter 3). For each theme, while we cannot claim to be exhaustive, the document provides a brief description of the principal systems used based on existing literature. Examples of concrete experiences judged to be of interest are included in the developments in order to illustrate them. Finally, we provide a general analysis of the situation in France (chapter 4).

Overall, the objective is for this information to serve as the basis for organising a national seminar on restructuring, a subject that, although never having really left the national landscape, is now central to French public debate.



## 1.1 Trends in Gross Domestic Product

The analysis of the statistical data of the French economy shows a downward trend in some of the main indicators in recent years.

GDP experienced its highest rate of growth in 2000 (+ 3.9%) and stabilised between 2% and 2.2% between 2005 and 2007. In the fourth quarter of 2008, the anticipation of a general fall in activity led to a significant fall in the rate of growth of GDP, influenced by falling exports and household expenditure. Nonetheless, the estimates for 2008 show a growth of +0.7% across the year. For 2009, if growth is zero in the second half-year, French would end 2009 with a 2.9% fall in GDP. Nevertheless, French GDP per inhabitant in 2008 was 9.8% higher than the European average in 2008, after correcting differences in price levels, and France ranked 11th (in purchasing power standards) of the countries of the EU.

**Table: Rate of growth of Gross Domestic Product (GDP)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU (27 countries)	3.0	3.9	2.0	1.2	1.3	2.5	2.0	3.1	2.9	0.9	0.2 <sup>(f)</sup>	1.1 <sup>(f)</sup>
EU (25 countries)	3.1	3.9	2.0	1.2	1.3	2.4	2.0	3.1	2.9	0.8	0.1 <sup>(f)</sup>	1.0 <sup>(f)</sup>
EU (15 countries)	3.0	3.9	1.9	1.2	1.2	2.3	1.8	2.9	2.7	0.7	-0.1 <sup>(f)</sup>	0.8 <sup>(f)</sup>
France	3.3	3.9	1.8	1.0	1.1	2.5	1.9	2.2	2.2	1.1	-0.0 <sup>(f)</sup>	0.8 <sup>(f)</sup>

(f) – forecast

Source: Eurostat

From the 41 European regions (out of 271) in which the GDP per inhabitant exceeds the European average by more than 25%, there is only one French region. The GDP of the three main French regions (Île-de-France, Rhône-Alpes and Provence-Alpes-Côte-d'Azur) give them a respective ranking in the European regions of 2, 11 and 19.

## 1.2 Distribution of the active population

Most workers are employed in the services sector and, in total, their numbers have risen slightly since 2003 (from 72.1% in 2003 to 74.5% in 2007). The increase in the number of workers in the construction sector is relatively insignificant, while in industry, numbers dropped by 1.5% over the 2003-2007 period, with the process of de-industrialisation continuing.

## Distribution of active population by sector of economic activity (as a %)

Sector of economic activity	2003	2004	2005	2006	2007
<b>Agriculture, forestry and fishing</b>	4.2	3.8	3.6	3.7	3.4
<b>Industry</b>	17.0	16.5	16.2	16.1	15.5
<i>of which: Agricultural and food processing industries</i>	2.6	2.6	2.6	2.4	2.5
<i>Consumable goods industries</i>	2.8	2.8	2.8	2.7	2.5
<i>Automotive industry</i>	1.2	1.2	1.2	1.2	1.2
<i>Equipment goods industries</i>	3.4	3.3	3.2	3.3	3.3
<i>Intermediate goods industries</i>	6.0	5.6	5.4	5.4	5.1
<i>Energy</i>	1.0	1.0	1.0	1.1	0.9
<b>Construction</b>	6.4	6.3	6.2	6.5	6.5
<b>Services/Tertiary</b>	72.1	73.1	73.7	73.6	74.5
<i>of which: Commerce and repairs</i>	13.1	13.3	13.2	13.2	13.7
<i>Transport</i>	4.2	4.4	4.2	4.2	4.5
<i>Financial activities</i>	3.0	2.8	3.0	3.2	3.2
<i>Real estate activities</i>	1.2	1.3	1.4	1.4	1.4
<i>Services to businesses</i>	12.6	12.7	12.9	13.0	12.8
<i>Services to individuals</i>	8.4	8.7	8.6	8.7	8.6
<i>Education, health, social action</i>	18.8	19.1	19.4	19.1	18.9
<i>Authorities</i>	10.8	10.8	11.0	10.8	11.4
<b>Indeterminate activity</b>	0.3	0.3	0.3	0.1	0.1
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: INSEE

## 1.3 Current trends on the labour market

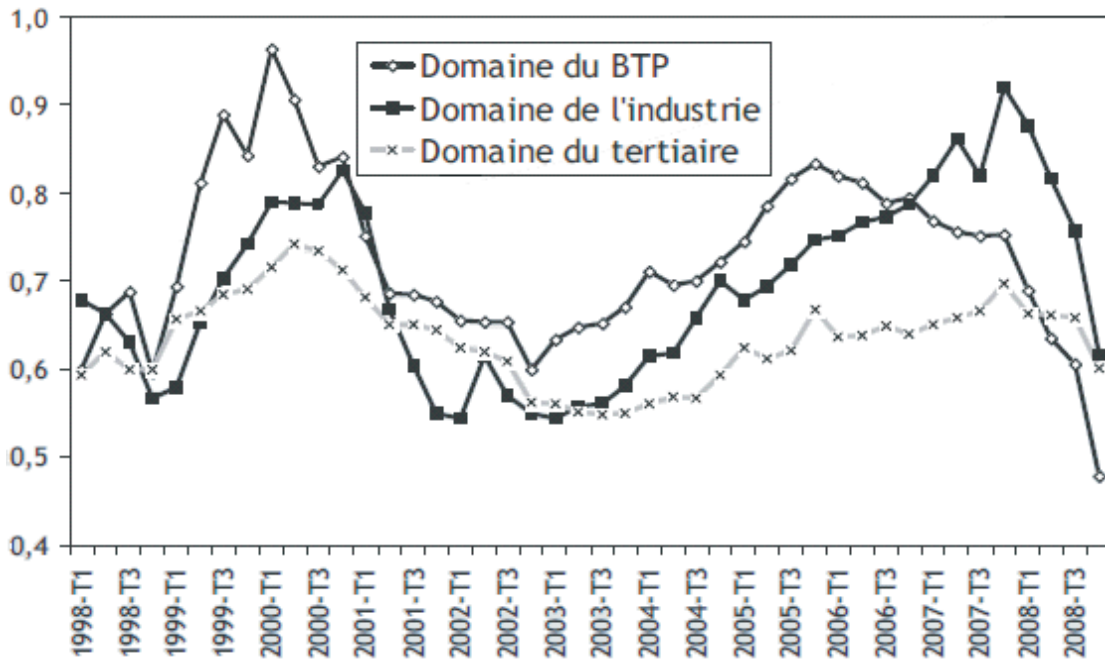
### 1.3.1 TRENDS IN PAID EMPLOYMENT

The fall in activity in 2008 was accompanied by a fall in employment. For the first time since the beginning of 2004, paid employment in the non-agricultural trade sectors (abbreviated to SMNA) fell and in 2008, the French economy lost 100,000 jobs. This fall was the result of job cuts in industry, which took place at a higher rate compared with previous years (-73,000 jobs), and in temporary employment (-139,000 jobs). The sharp fall in temporary employment was principally due to falling levels of activity in industry and construction, which hire approximately 65% of temporary workers. Construction and the services goods sector, excluding temporary employment, respectively created 13,000 and 58,000 jobs. Falling employment affected most

sectors, with the exception of construction (+0.9%), transport (+0.4%) and services to individuals (+2.1%).

We also note recruitment difficulties in the three main sectors of activity. Recruitment, which had risen constantly since the end of 2002, fell sharply from the summer of 2007.

## Recruitment difficulties by sector of activity



Ratio: job offers registered versus job applications registered (corrected for seasonal variations) Source: DARES

Explanations: Domaine du BTP: Construction sector. Domaine de l'industrie : industrie sector. Domaine du tertiaire : services sector .

Changes in the rate of employment in previous years show a regular increase over three years, reaching 52.3% in the second quarter of 2008 (compared with 51.2% in 2004). Job creation has therefore been faster than population growth.

## Rate of employment, as a %

	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4 (p)
<b>Persons in employment (= rate of employment)</b>	<b>51.0</b>	<b>51.1</b>	<b>51.3</b>	<b>51.4</b>	<b>51.5</b>	<b>51.8</b>	<b>52.0</b>	<b>52.2</b>	<b>52.4</b>	<b>52.3</b>	<b>52.3</b>	<b>52.3</b>
Male	57.1	57.0	57.2	56.9	57.1	57.2	57.4	57.5	57.8	57.6	57.6	57.8
Women	45.5	45.6	45.9	46.4	46.3	46.7	46.9	47.2	47.4	47.3	47.4	47.3
<b>15-64 years of age</b>	<b>63.3</b>	<b>63.4</b>	<b>63.7</b>	<b>63.8</b>	<b>63.9</b>	<b>64.2</b>	<b>64.4</b>	<b>64.7</b>	<b>65.0</b>	<b>64.9</b>	<b>64.9</b>	<b>65.0</b>
15-24 years of age	26.4	26.8	26.9	26.9	27.1	27.9	28.5	28.9	29.3	28.6	28.6	28.5
25-49 years of age	81.1	81.3	81.7	81.8	81.9	82.2	82.4	82.9	83.3	83.5	83.6	83.4
50-64 years of age	55.3	54.9	55.0	55.4	55.3	55.5	55.5	55.2	55.4	55.3	55.2	55.9
<i>Of which: 55-64 years of age</i>	<i>41.5</i>	<i>41.0</i>	<i>40.9</i>	<i>41.1</i>	<i>41.0</i>	<i>41.6</i>	<i>41.2</i>	<i>41.3</i>	<i>41.1</i>	<i>41.0</i>	<i>41.0</i>	<i>42.1</i>
50 years of age or more	30.1	29.9	30.0	30.3	30.3	30.5	30.6	30.6	30.6	30.5	30.6	31.0

Source: Eurostat

In 2007, 86% of workers in the private sector were on open-ended employment contracts and 14% were on fixed-term contracts working as temporary workers or in subsidised employment (special employment contracts developed within public employment policies). In the public sector, 87% of workers were on open-ended contracts and 13% on fixed-term contracts. In the private sector, the number of workers on open-ended contracts fell very slightly between 2004 and 2007 in favour of fixed-term employment. In the public sector, the variation was insignificant.

## Structure of contracts in paid employment

Annual average (%)

	2003	2004	2005	2006	2007
<b>PRIVATE SECTOR</b>					
Open-ended contract	87.1	87.1	86.3	86.1	85.9
Fixed term contract, temporary employment, subsidised employment	12.9	12.9	13.7	13.9	14.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>PUBLIC SECTOR</b>					
Stable	87.0	87.2	87.3	87.0	87.0
Fixed term contract, temporary employment, subsidised employment	13.0	12.8	12.7	13.0	13.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: DARES

In the private sector, 16% of workers on open-ended contracts worked part-time in 2007. This is clearly lower than for people in temporary employment, fixed-term employment or in subsidised employment, where one job out of four was part-time.



The number of workers in the private sector on open-ended contracts working part-time grew between 2003 and 2007. In 2007, in the public sector, approximately 19% of workers were part-time and the number of part-time workers was far higher among those on fixed-term contracts and in subsidised employment.

## Level of part-time employment

Annual average (%)

	2003	2004	2005	2006	2007
<b>PRIVATE SECTOR</b>					
<b>Total</b>	<b>16.5</b>	<b>16.8</b>	<b>17.1</b>	<b>17.2</b>	<b>17.4</b>
<i>Of which:</i>					
<i>Open-ended contract</i>	15.2	15.7	16.0	16.2	16.1
<i>Fixed term contract, temporary employment, subsidised employment</i>	25.4	24.8	24.4	23.9	25.8
<b>PUBLIC SECTOR</b>					
<b>Total</b>	<b>18.5</b>	<b>18.0</b>	<b>18.4</b>	<b>18.9</b>	<b>18.6</b>
<i>Of which:</i>					
<i>Stable</i>	15.6	15.0	15.6	15.6	15.1
<i>Fixed term contract, temporary employment, subsidised employment</i>	38.1	38.4	38.0	40.7	42.3

Source: DARES

## 1.3.2 TRENDS IN UNEMPLOYMENT

Overall, the number of jobs created has not been sufficient to absorb the additional demand caused by the increase in the working-age population and the rise in activity rates. France continues to be faced with a lack of jobs. The number of unemployed has risen since 2004 and the number of job-seekers rose from 2.4 million to 2.5 million in February 2009.

## Number of unemployed and unemployment rate

	2004	2005	2006	2007	2008 (31 /12/ 2008)
<b>Number of unemployed (in thousands)</b>	<b>2 412</b>	<b>2 429</b>	<b>2 432</b>	<b>2215</b>	<b>2197</b>
<i>Of which : Male</i>	1 160	1 171	1 184	1094	1084
<i>Women</i>	1 252	1 258	1 248	1121	1113
<b>Unemployment rate (as a %)</b>	<b>8,9</b>	<b>8,9</b>	<b>8,8</b>	<b>8,0</b>	<b>8,2</b>
Male	8,0	8,0	8,1	7,4	7,2
Women	9,9	9,8	9,6	8,5	8,3
15-29 years of age	15,5	15,6	15,8	14,5	21,2
30-49 years of age	7,5	7,6	7,3	6,5	7,4
50 years of age or more	6,0	5,8	6,0	5,4	5,2
Management and higher intellectual professions	4,4	4,5	4,0	3,3	u.n.*
Intermediate professions	5,4	4,9	4,8	4,5	u.n.
Employees	9,2	9,4	9,2	8,1	u.n.
Labourers	10,9	11,3	11,5	10,7	u.n.

\*u.n.: unknown  
Source: INSEE

After falling over the period 1999-2001, the unemployment rate rose from 8% (2002) to 8.9% (2005). It then fell in 2006-2007 and reached 7.7 % in the second quarter of 2008. It has since risen and reached 8.6% in February 2009, pretty close to its 2006 level. This rate is higher than the average rate of the Member States, which was 7.3% in 2008.

The unemployment rate is higher for women (8.3% compared with 7.7% in the middle of 2008), but the trend is identical for both genders.

## Unemployment rate by gender - %

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>MALE</b>										
EU (27 countries):	-	7.8	7.7	8.3	8.4	8.5	8.3	7.6	6.6	6.6
France	8.9	7.5	7.0	7.7	8.1	8.4	8.4	8.5	7.8	7.2
<b>WOMEN</b>										
EU (27 countries):		9.8	9.4	9.7	9.7	9.8	9.6	8.9	7.8	7.5
France	12.1	10.8	9.9	9.7	10.0	10.3	10.2	10.1	8.9	8.3

Source: Eurostat

The highest unemployment rates are in the Languedoc-Roussillon, Nord-Pas-de-Calais, Provence-Alpes-Côte d'Azur, Corse, Haute-Normandie and Picardie regions.

## 1.4 The measure of restructuring

Restructuring, on account of its changing nature, implies numerous phenomena, many of which can't be accurately measured. Changes to the structure and demography of firms, relocations and of course job cuts and redundancies are the approaches most commonly used.

### 1.4.1 THE MEASURE BASED ON CHANGING THE STRUCTURE OF FIRMS

In this respect, several trends should be noted:

- Differentiated trends as to the size of firms. Between 1997 and 2006 for example, the number of firms employing from 10 to 19 workers and those employing more than 500 workers increased more than firms with less than 10 workers or medium-sized firms (20 to 499).
- Moreover, France has witnessed an explosion in the number of groups, driven notably by the micro-groups, of under 500 workers. Groups of companies do not have a precise legal definition and are of various organisational forms. In a part of them, one company has a dominant position and concentrates most of the group's activity while the remaining companies work mainly in order to contribute to the main company performance. Other groups are organised in business units with a head of the group mainly in charge of coordinating their activities. The growth in the total number of groups is relatively recent. Between 1980 and 1987, growth was slow. It then got faster: the number of groups of firms, which was 2,800 in 1991, reached 6,700 at the end of 1995 and has only risen since. More than 8 million workers now work for groups. Together with energy, the automotive sector is the sector in which groups have the greatest presence: more than one firm out of five belongs to a group and more than nine workers out of ten are employed by a group.
- Another indicator is business start-ups and bankruptcies. Note here that the number of bankruptcies in France rose by approximately 12% in 2008, which is an unprecedented increase since 1992.

#### Business start-ups and bankruptcies

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Start-ups	216.2	213.6	214.9	239.7	268.4	270.3	285.7	321.5	327.0
Bankruptcies	38.1	37.7	39.2	40.9	42.0	43.2	40.3	43.0	50.9

Source: Insee

- Finally, we should note the increasing use of sub-contracting which rose, according to certain studies, from 60 % in 1984 to 86.6 % in 2003 and kept raising since then.

## **1.4.2. THE MEASURE BASED ON RELOCATIONS**

Although France has no regular research on this subject, a study conducted by the INSEE (National Institute for Statistics and Economic Studies) in 2005 concluded that 95,000 industrial jobs would have been cut in France and relocated abroad between 1995 and 2001, representing an average of 13,500 jobs per year. By way of a comparison, this annual average represents 22.5 % of the 60,000 jobs lost in the manufacturing industry in 2005. A little under half of these 95,000 jobs would have been relocated to countries with low salaries, with China being by far the principal destination, ahead of Eastern Europe, North Africa, South America and other countries of Asia. The other half of job cuts were part of the restructuring processes of the large multi-national groups between the various developed countries (duplicates posts cut in highly concentrated sectors such as pharmaceuticals).

Relocations were primarily implemented by the large groups and, in countries with a low wage bill, the preferred method of relocation would be sub-contracting. Although certain sectors appear to be more severely affected over this period (textiles, clothing and leather, domestic appliances), the study does, however, reveal that “apparent relocations were observed in practically all the sectors” and that “practically no sector was safe”. «Relocations do not affect just industry, they also affect services, notably call centres and accounting or research activities». Finally, it is commonly agreed that these relocations have accelerated since the start of the 2000s, while remaining within reasonable limits.

## **1.4.3 THE MEASURE BASED ON EMPLOYMENT CHANGES IN THE DIFFERENT SECTORS OF ACTIVITY**

As shown in the table above, between 1998 and 2007, the composition of employment has changed greatly. Certain sectors such as commerce, transport, services to companies or health services have seen their proportion increase, while others have fallen. 2008 saw a reduction in workforce in most of the sectors and more particularly in the intermediate goods and services to business industries.

## **1.4.4 THE MEASURE BASED ON ANNOUNCEMENTS OF JOB CUTS**

The number of job cuts announced increased over 3 years (2004-2006), slowed in 2007 and then began to rise again in 2008 (where announcements affected 94,827 people compared with the 28,425 in 2002). At the same time, the planned number of job creations rose for 6 years (2002-2007), but this indicator returned to its 2004 level in 2008 - approximately 20,000 people.

# Restructuring – The main characteristics of the economy and employment in France

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Employment trends according different sectors  
Source : INSEE

	31 dec 1989	31 dec 1990	31 dec 1991	31 dec 1992	31 dec 1993	31 dec 1994	31 dec 1995	31 dec 1996	31 dec 1997	31 dec 1998	31 dec 1999	31 dec 2000	31 dec 2001	31 dec 2002	31 dec 2003	31 dec 2004	31 dec 2005	31 dec 2006	31 dec 2007	31 dec 2008	
<b>Ensemble des secteurs conventionnés (EBA-EBA)</b>																					
<b>Secteurs marchand (EBA-EBA)</b>																					
EP	13 562,50	13 711,40	13 622,70	13 502,70	13 184,10	13 374,30	13 532,70	13 584,20	13 846,00	14 178,70	14 621,30	15 188,50	15 429,60	15 457,00	15 405,90	15 438,50	15 541,30	15 742,20	16 020,50	15 889,40	
EB-1 Industries agricoles	554	554,7	552,3	544,8	545,8	542,8	544,4	547,5	557,7	560,2	566	575,7	581,6	581,8	580,6	570,3	564,4	558,6	555,1	552	
EB-2 Industries alimentaires	925,9	911,8	874,9	817,9	798,4	783,9	769,3	747,6	734,7	710,1	716,5	714,4	701,9	680,6	653,5	630,4	604,2	589,5	575,6	556	
EB-3 Industries textiles	124,7	123,5	112	101,5	200,1	262,8	287	281,8	279,4	275,3	282,1	293,4	296,9	292,8	293,8	295,8	299,2	278,2	260,6	246,3	
EB-4 Industries des biens d'équipement	912,2	940,4	920	872,4	815,4	812,1	817,8	810,5	811	820,5	819	817,6	815,3	815,5	791,3	772,7	766,9	770,2	771,7	771,3	
EB-5 Industries des métaux	1686,5	1681,2	1633,5	1566,5	1484,8	1481,5	1488	1456,9	1454,2	1464,1	1460,8	1499,2	1488,6	1449,1	1403	1360,5	1321,2	1293,9	1280,1	1244,4	
EB-6 Industrie chimie	276,5	269,5	267,2	257,7	262,8	263,3	261,1	252,2	251,8	240,1	243	245,8	243,6	240,5	236,3	237,4	234	231,8	228,3	227	
EB-7 Industrie électrique	1332	1343,7	1320	1257,6	1184,6	1204,1	1189,4	1154,4	1136,5	1147,6	1153,3	1244,1	1263	1255,5	1279	1304,1	1351	1414,3	1473,6	1486,3	
EB-8 Construction	2452,06	2565,6	2497,8	2508	2574,8	2393,8	2577	2686,6	2651,2	2721,6	2799,6	2880,7	2999	2981	3000,5	3005,2	3077,8	3017,8	3078,4	3065,5	
EB-9 Commerce	878,5	898,5	898,4	897,1	884,5	889,2	904,7	912,5	923,8	935,5	994,6	1041,3	1085,9	1072,9	1071,3	1071,2	1070,5	1081,1	1107,9	1121,1	
EB-10 Activités financières	694,9	692,2	691	674,4	670,3	674,9	671,6	668,5	665,3	662,6	668,2	675,5	701,8	713,4	711,8	719,3	724,5	731	748,2	745,1	
EB-11 Activités immobilières	279,8	265,3	262,1	276,9	274,7	271	263,8	261,6	256,6	256,7	268,4	260,7	263,4	265,6	269,2	271,8	281,3	285,2	297,5	292,1	
EB-12 Services aux entreprises	2004,1	2080,7	2114,3	2130,2	2183,3	2254,2	2300,2	2364,9	2324,1	2490,9	2642,2	3114,9	3175,8	3201,5	3187,6	3235,3	3306,9	3393,3	3492	3383,2	
EB-13 Services aux particuliers	1151,1	1186,4	1233,5	1262,6	1319,5	1375,6	1459,4	1522,2	1599,5	1686,4	1765,6	1815,2	1859,9	1895,9	1928,1	1965,5	2008,4	2075,6	2152,6	2198	
<b>EB-14 Education sans filiers</b>																					
ER-1 Administration hors emploi public																					
<b>Repartement-EB-15</b>																					
Industrie ne Consommation	4679,7	4680,9	4361,7	4386,9	4195,4	4166,5	4167,6	4102,5	4089	4090,4	4087,4	4166	4147,9	4060,3	3938,5	3867,1	3779,8	3722,2	3680,3	3607	
EB-16 Industrie VC Consommation	6011,8	6024,6	5881,7	5644,5	5390	5170,5	5157	5248	5225,5	5238	5270,7	5400,2	5410,9	5325,8	5237,5	5171,2	5113,8	5136,5	5153,9	5093,3	
EB-17- Textile non marchand	7552	7606,8	7731	7739,2	7794,1	8003,8	8176,7	8336,3	8620,6	8940,8	9350,6	9788,3	10018,8	10111,2	10168,4	10267,3	10409,4	10668,8	10876,6	10796,1	
<b>EB-18- Secteurs privés hors marchand</b>																					
												1816,1	1832,2	1902	1927,6	1966,7	1995,6	2036,1	2077,8	2118,4	

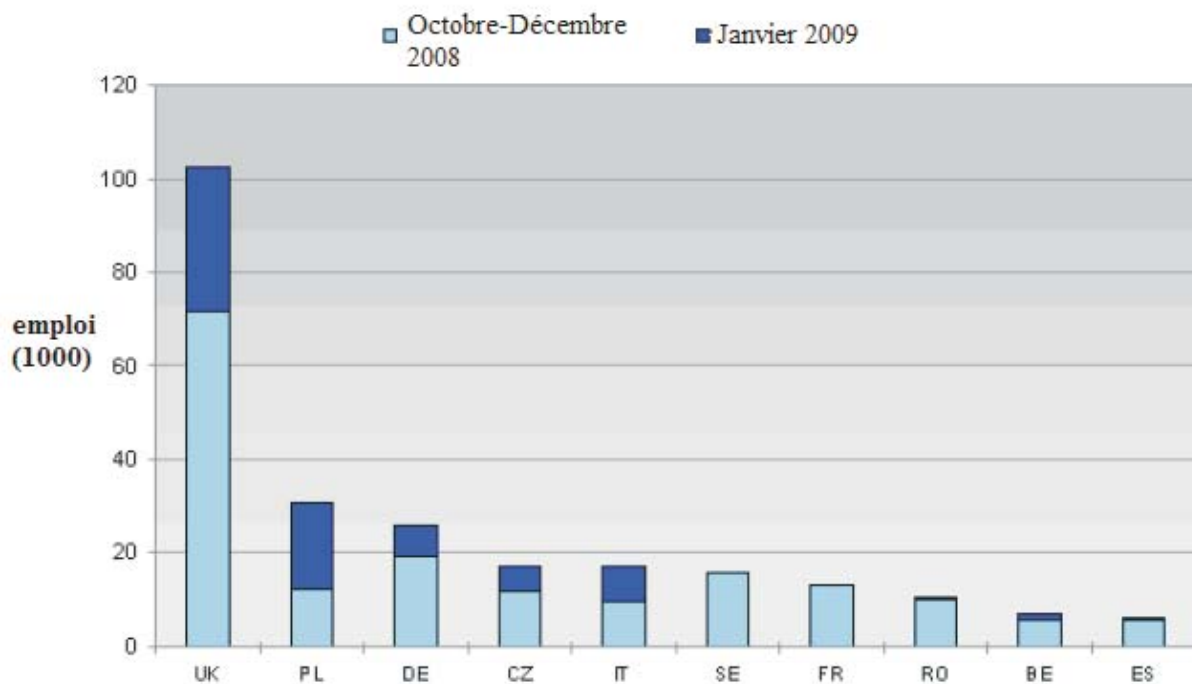
### Planned number of job cuts and job creations over the period 2003-2009

	Planned number of job cuts (people)	Planned number of job creations (people)
2003	61,604	1,107
2004	42,717	20,765
2005	45,397	11,960
2006	69,572	90,220
2007	63,442	101,240
2008	94,827	19,796
2009	13,208	6,520

Source: European Monitoring Center on Change, European restructuring monitor

With the crisis, the job losses announced in France are high, but currently less than the number of announcements in the European countries.

### Crisis: Job losses announced in various European countries

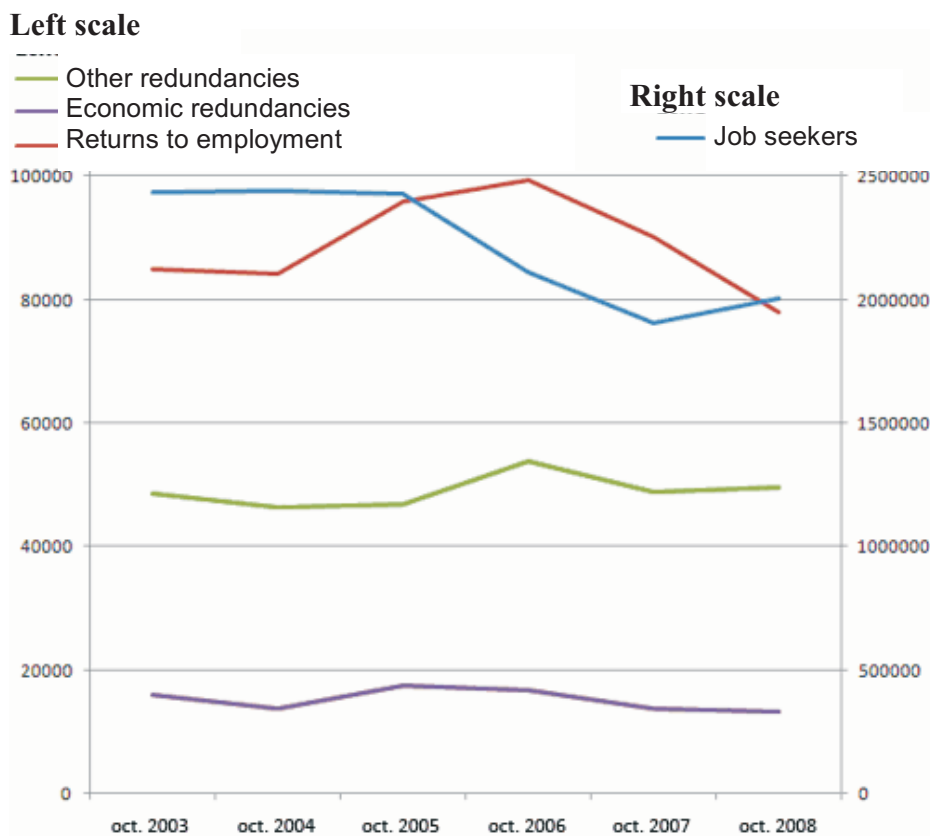


Source: European Monitoring Center on Change, European restructuring monitor

## 1.4.5 ECONOMIC REDUNDANCIES

The number of economic redundancies, after having fallen between October 2005 and October 2007, has risen since. The rise in “other redundancies” (on personal grounds or non economic grounds), on the other hand, has been notable, as has the fall in the number of people returning to work since October 2006.

### Economic redundancies, other redundancies, trends in people returning to work and job applications from Oct. 2003 - Oct. 2008



Source DARES

Over the period 2002 to April 2009, the sectors most affected by lay-offs were the manufacturing sector (41.78%), public administration (27.14%) and transports/communications (16.38%). The planned number of job creations was significant in this sector and in sectors such as water/electricity public services (25.65%), the manufacturing industry (15.4%) and health/social work (12.26%).

## Planned number of job cuts

Sector	2002	2003	2004	2005	2006	2007	2008	2009
Manufacturing	23,701	39,943	21,061	11,521	21,803	27,214	26,795	4,450
Transport/ communications	1,795	15,833	15,297	14,196	17,618	356	2,840	650
Other services	513	637	0	212	0	171	0	0
Real estate/ economic activities	1,600	1,621	310	2,123	744	2,137	2,835	1,464
Utilities	327	46	0	6,000	0	0	0	0
Hotels/restaurants	150	0	0	0	0	0	0	0
Construction	200	380	101	181	331		411	135
Retail	139	134	394	2,137	829	1,045	1,570	1,874
Health/social work	0	0	900	2020	0	0	0	0
Agriculture/fishing	0	0	57	0	125	0	667	0
Mining/extraction	0	0	0	198	0	0	0	680
Public administration	0	0	0	5,100	26,250	22,900	54,550	5,500
Financial services	0	3,010	4,597	1,709	1,872	4,619	5,800	0
Education	0	0	0	0	0	5000	0	0
<b>Total</b>	<b>28,426</b>	<b>61,604</b>	<b>42,717</b>	<b>45,397</b>	<b>69,572</b>	<b>63,442</b>	<b>95,468</b>	<b>14,753</b>

Source: European Monitoring Center on Change, European restructuring monitor

## 1.4.6 RESTRUCTURING TYPOLOGY

Restructuring operations have been classed by category by the EMCC (Dublin), which differentiates between 7 main types, as shown in the table below.

### Distribution of planned number of job cuts and job creations between January 2002 and April 2009 by type of restructuring operation in France

Type of restructuring	Planned number of job cuts (people)	% planned job cuts	Planned number of job creations (people)	% planned job creations Number of cases	% number cases	Internal restructuring
Internal restructuring	322,067	76.79%	18,380	7.31%	404	41.82%
Business expansion	0	0%	169,939	67.54%	219	22.67%
Bankruptcy / Closure	55,709	13.28%	160	0.06%	207	21.43%
Offshoring	20,615	4.92%	0	0%	70	7.25%
Merger / Acquisition	15,962	3.81%	63,078	25.07%	47	4.87%
Relocation	2,879	0.69%	51	0.02%	16	1.66%
Outsourcing	2,075	0.49%	0	0%	2	0.21%
Other	80	0.02%	0	0%	1	0.1%
<b>Total</b>	<b>419,387</b>	<b>100%</b>	<b>251,608</b>	<b>100%</b>	<b>966</b>	<b>100%</b>

Source: European Monitoring Center on Change, European restructuring monitor



Finally, we can attempt to draw up a map of major job cuts, as a number of French media publications have endeavoured to do. The map below is taken from the publication “Les Echos” (26/03/2009), showing that the vast majority of job cuts are situated to the north of a Nantes-Valence line.





## 2.1 Anticipating trends in jobs and skills

A large number of the systems currently in force in France find themselves governed around the notion of human resource planning (abbreviated to GPEC). This notion can be defined as the design, implementation and monitoring of policies and action plans aimed at:

- reducing disparities, in advance, between the requirements and human resources of the firm based on the medium-term objectives of this firm
- the ongoing training of people in the labour market
- establishing a link between the development of the firm and the personal development of the workers in their professional development projects.

While the notion is not new in France, it has constantly been developed at different levels: firm, sector and region. Although the GPEC is based on a number of tools, it was originally designed as a standalone approach and not a stack of sophisticated systems with an uncertain implementation.

### 2.1.1 HUMAN RESOURCE PLANNING (GPEC) AT THE LEVEL OF THE FIRM

#### *2.1.1.1 Triennial collective bargaining: an obligation for some firms*

Since January 2005<sup>1</sup>, with the law on social cohesion, firms or groups of more than 300 workers and those obligated to set up a European works council must bargain an agreement every three years on the methods of informing and consulting the works council on the corporate strategy and its foreseeable effects on jobs and workers, in addition to the implementation of a human resource planning system for the workers.

The penalties if this obligation is not met have given rise to a highly debated dispute, questioning relations between the bargaining in question and the rules on economic redundancies. The question asked was as follows: can a firm validly embark upon a mass redundancy programme without first of all having entered into GPEC bargaining? Some jurisdictions responded in the negative in the first instance, highlighting the objective of preventing redundancies assigned to GPEC bargaining. Others, subsequently, gave the opposite interpretation, affirming that the firm cannot be bound to bargaining before every restructuring operation.

The recoding of the Labour code, which has since taken place, supports this interpretation.

Above and beyond the legal debate, a recent report on corporate agreements on human resource planning carried out by the Ministry of labour (over the period 2005-2008) enabled us to further appraise the repercussions in practice of this bargaining obligation. Bargaining, which was moderate from January 2005 to January 2008, accelerated in 2008. A total of 300 agreements

<sup>1</sup> Framework law n°2005-32 – January, 18, 2005 - on social cohesion

were signed in 2008. The bargaining obligation concerns approximately 47,500 firms employing close to 9 million workers in the private sector. As at 31 December 2008, 570 GPEC agreements were signed and lodged with the administrative authority, concerning a total of 1,475,000 employees. In 2008, agreements were, in their main part, signed in large firms: 41% in firms with 300 to 1000 workers, 36% in firms with more than 1000 workers. In the main, the signatory firms belonged to a group.

Various types of agreements were signed, some without future prospects or threats of lay-offs. Falling into this category, which fully accounts for the purpose assigned to human resource planning, was 80% of the agreements signed in 2008. Other agreements encourage mobility and identify threats to certain jobs or business areas. These represent 11% of the agreements signed in 2008. Finally, some are part of a perspective of short-term restructuring and organising human resource planning in advance. These represent 2% of the agreements signed in 2008.

Since 2005, the majority of the agreements signed have been adopted unanimously by the unions represented in the firms (63% of cases in 2008). Finally, in terms of the regional distribution of the agreements, the majority (38%) signed in 2008 were in Île de France, the region in which the headquarters of a large number of firms are located.

### ***2.1.1.2 Content of the human resource planning agreements***

GPEC bargaining involves the different additional aspects set down in law. The weighting given to these aspects varies, in practice, from one agreement to the next.

Bargaining must therefore contemplate the methods based on which the works council is informed and consulted on the global corporate strategy and its foreseeable affects on employment. It is not there to negotiate the corporate strategy in itself, but rather to define how the staff representatives are informed and consulted on this strategy. The weighting given to this in bargaining has risen since 2005. While rare in agreements signed in 2005 and 2006, these stipulations were found in 86% of the agreements signed in 2008, which can be interpreted as a desire to improve social dialogue on the strategic challenges within the firm.

Bargaining must also be based on various anticipation measures which are, themselves, of various types. The organisation of the internal and external mobility of the workers as a lever of anticipation with which to manage economic, demographic and social changes within the firms is therefore set down in nearly 90% of the agreements signed in 2008. To this end, we find provisions aimed at organising internal mobility, enabling workers, through training, to acquire new skills. Voluntary external mobility is encouraged in 15% of agreements, particularly those signed in contexts in which some jobs are identified as being under threat, in other words when the prospect of restructuring is highly imminent.

The agreements also mobilise training systems, and this has happened increasingly since 2005: this is the case in 80% of the agreements signed in 2008. Among the systems targeted primarily, we note in particular the *Droit Individuel à la Formation* (individual right to training, the DIF) and the *Validation des Acquis de l'Expérience* (validation of experience acquired, the VAE), and also, to a lesser extent, the “*Congés Emploi Formation*” (job training leave, the CIF) and professionalisation periods. Moreover, a vast majority of the agreements signed in 2008

provide for job adaptation measures and measures for acquiring new skills, but few include real retraining actions (16% in 2008).

Another important aspect of these agreements dealt with managing the employment of senior workers. This aspect is found in around half of the agreements, but the trend is downward in 2008 (46% of agreements in 2008 compared with 48% in the preceding years). The measures provided for are diverse. Few agreements in 2008 provide for full or partial early retirement measures. Access to skills sheets and meetings on senior career phases, on the other hand, is frequently provided for. We also find, in 39% of agreements in 2008, training systems said to contribute to protecting the jobs of senior workers and ensuring the integration of young employees.

Finally, human resource management tools are covered in the majority of the agreements. 75% of the agreements provide for diagnostic and analysis tools for businesses and skills within the firm: this notably includes the implementation of a mapping system and a skills repository in the firm which can, in a third of cases, go hand in hand with the implementation of internal observatories set up to analyse foreseeable trends in businesses and skills.



### ***An example: the human resource planning agreement of the SPERIAN PROTECTION group.***

A recent and interesting example of human resource planning, despite the absence of feedback with which to measure its effects, is that of the agreement signed by the SPERIAN group. The group, which produces personal protective equipment (safety shoes, ear protection etc.), has 6,000 employees. The agreement, signed on 10 March 2009 with the four union organisations present in the firm, concerned 1,200 French workers and was aimed primarily at organising how workers are informed and consulted on the corporate strategy.

It therefore aims to complete the provisions existing in the different firms of the group with a view to “modifying them within a medium-term perspective”. Concretely, the management of the parent company each year undertakes to draw up an overview of the activities of the group by sector of activity that should enable the group’s committee to have “a global vision by sector of activity, the strategy of the firms of the group and its consequences in terms of staff, jobs and skills”. Furthermore, a parity committee is in charge of monitoring the application of the agreement, particularly in terms of the actions implemented on the sites.

The measures aim to strengthen the employability of people and “ensure a secure career path” both internally and externally. Since 2009, the group has endeavoured to implement a professional career meeting, which is different from the appraisal meeting, for employees most at risk from the consequences of the economic situation and competition, which is aimed at both the production operatives and the sales staff. The meeting should be in general use by 2011 and will then be held twice a year. The local supervisors, who will be in charge of holding the meetings, must be trained for this purpose. It is based on the results of these meetings that the

human resources division will endeavour to implement the systems supporting mobility: DIF, VAE, skills sheets). Organising mobility consists in informing non-management workers of the positions available within the group within a radius of 100 kilometres. In the case of internal mobility, a retraining period is provided for the workers, during which the worker is entitled to return to his/her old job.

Finally, the agreement aims to support the employment of senior workers: right to a skills sheet from 45 years of age, specific measure of promotion rates of people from 45 years of age, option to access part-time training. Further still, costed recruitment objectives of people aged 50 or over or keeping people in employment from 55 years of age must be bargained within the firms of the group. This involves pushing back the average age the seniors leave.

Only the future will tell whether this agreement leads to tangible results. It is, however, interesting to see how the group has endeavoured to enter into a true human resource planning approach, and this within the context of an economic recession.

### ***2.1.1.3 Focus on certain specific GPEC approach tools***

#### ***The individual right to training (DIF)***

The DIF, the individual right given to the worker since 2004 to be in charge of his/her professional development, allows any worker (which includes, based on particular methods however, temporary workers and workers on fixed-term contracts) to amass training hours that can be used at his/her choosing with the agreement of the employer. Each year, workers on a full-time open-ended contract can amass 20 training hours. The rights acquired annually can be capitalised over a maximum period of six years to represent, in this case, a credit of 120 hours of training.

When the worker exercises his/her right to DIF, the training selected must have the agreement of the employer, through a written agreement between the parties. A procedure applies if the employer refuses the training requested by the worker but this leaves the worker, at least for a certain period, dependent on the agreement of the employer. This constitutes a limit to the individual nature of the right given to the worker.

An important challenge with this system lies in its portability if the worker leaves the firm. In fact, guaranteeing that the worker can enjoy the rights he/she has acquired but not used before leaving the firm contributes to the general debate which is extremely resonant in France concerning safeguarding professional careers. In terms of the provisions currently in force, the portability of this individual right to training is not really guaranteed. Aware of the importance of portability, management and labour, through a national inter-professional agreement dated 7 January 2009 (currently being transposed into law), designed a system ensuring the portability of the DIF. If adopted, this should allow the worker to benefit from the rights acquired on the termination of his/her employment contract during the period of unemployment or after being hired by a new employer. We can expect this right, which is still not in general use, to experience new momentum.

### ***The validation of experience acquired (VAE)***

Set up by the law in 2002<sup>2</sup>, the validation of experience acquired is a system allowing any person engaged in active life to obtain all or part of a diploma or vocational certificate, where a panel validates the experience, primarily but not only vocational experience, that the person has acquired. In this way, it therefore consists in remedying any insufficiencies in the initial training and allowing the professional development of the worker to be recognised, and therefore taken into account, on the labour market. The system affords access to State diplomas and also vocational certificates issued by the professional branches. A procedure sets out the methods of informing the worker, the conditions of admissibility of his/her request and the appraisal of the worker by a panel.

Although the system can, in principle, clearly contribute to improving the employability of workers, its practical implementation is difficult. The approach is demanding and difficult for the worker. In effect, it involves identifying the certificates he/she can apply for, marking out the skills that worker has (which he/she may well not be aware of) and implementing the approach. For these reasons, supporting a worker wishing to enter into a validation of experience acquired process is crucial. A study conducted in 2007 by French researchers on behalf of the Ministry of labour provided interesting clarifications in this area.

Overall, it appears that the use of the system has grown over time. In 2006, 60,000 requests were judged admissible by the ministries in question and 26,000 people obtained a certificate, representing 16% more than the previous year. That said, corporate collective systems still appear, in the main, to be non-widespread. Moreover, a qualitative analysis of some fifteen collective validation systems of this type highlight different contexts explaining the implementation of support approaches: from assessing people or a sector of activity to the desire to safeguard professional careers, including also the desire to facilitate the retraining of workers. Regardless of the context, however, the effectiveness of this type of tool presupposes the development of proper human resource policies within the firms, sometimes for the smallest of firms, with the support of the professional branch to which they belong.

### ***Mobility leave***

The mobility leave tool, set up by the law in 2006<sup>3</sup>, is a resource that can be used as part of a human resource planning approach, although it can be implemented during or after an economic redundancy procedure. It can also be implemented without difficulty before any economic redundancy procedure and, in this case, aims to grant voluntary employees a leave with which to try out new work while enjoying a protected status.

The system is open to firms with more than 1,000 workers who have signed a GPEC agreement. Within this context, it is the GPEC agreement that fixes the term of the leave, the conditions to be met by the worker to obtain the leave, its content (support, training) and even the procedures at the end of the leave. The system therefore enables the worker to work both within the group and also outside the group for other employers. If a job is under an identifiable threat, the retraining of the worker can therefore be anticipated and he/she can be offered the opportunity to access a new job within a protected framework. In 2008, 15 GPEC agreements provided for this system (compared with 7 in 2007). The term of the leave provided for in the agreements varies from 5 to 12 months, but the average is 8 months.

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<sup>2</sup> Law nr 2002-73, January 17, 2002, on social modernisation

<sup>3</sup> Law nr 2006-1770, December 30, 2006, for participation development

## 2.1.2 PLANNING FOR CHANGES IN BUSINESSES AND SKILLS: SECTORAL AND REGIONAL ASPECTS

### 2.1.2.1 *Prospective of businesses in the professional branches*

Some professional branches have, some for a long time, had observatories for analysing employment trends on or other sector of activities. There is a wide diversity to these, such as legal status, composition and even the way the structures are funded. This diversity is due to the fact that it is to the professional branches themselves that the legislative texts delegate the organisation of these observatories. Existing research on this aspect also highlights the diversity of their functions, varying notably in terms of the age of the structures (and, in correlation, the refinement over time of the role of the observatories) and the reasons for their creation.

The observatories can therefore be independent organisations taking the form of an association (such as in the case of the telecommunications sector) or can be integral to a professional organisation or a federation of professional organisations, notably employer organisations, such as in the case of the Observatoire des Métiers de l'Emploi et de la Formation des Entreprises du Médicament (observatory for employment and training in drug companies, the LEEM). The observatories can relate to a specific branch or federate several similar branches (such as the observatory for skills and qualifications of mining and construction materials industries). Despite this variety of situations, we can note in particular two main missions common to the observatories:

- to collect and analyse information on the firms, employment and training in the sector in question.
- to analyse and anticipate the impact of economic, technological, regulatory or demographic trends on trends in employment and training requirements

In this measure, the activities of the observatories can clarify the human resource management policy of the firms and therefore contribute to a perspective of anticipating restructuring. When this is the case, the observatory acts as an interface between the branch and the firms. We again underline, however, that this company support function is not common to all the observatories.



#### ***An example: Observatory on trends in the insurance sector***

Set up by the social partners of the branch in 1992, the observatory on trends in the insurance sector is managed by a board of representatives of the firms and representative unions. This body has developed a set of activities linked directly to the concerns of the firms in the sector, among which: how to ensure workers adapt to changes in the insurance sector? How to anticipate the recruitment difficulties of young workers within the context of an ageing sector population? How to develop the employability of the workers within a context of workers stopping work at an older age?

The analysis was based on all activities of the sector, and not simply the “core businesses”, which only concern one out of two workers. Trends in the IT, marketing, human resources and clerical industries were analysed. A first study on



the problem of population ageing was conducted in 1998 and a more in-depth analysis of the demographic consequences on the supervisory population in 2002. A long-term reflection was carried out in 2000 on the principal factors affecting the insurance industry up to 2010.

Development scenarios were defined through four main strategies of players. These scenarios enabled risks of failure to be identified. For each of these scenarios, changes to the nature of the businesses, the qualifications required or the workforce affected were analysed. The most affected groups of businesses were identified: marketing, sales, contract management, IT services.

This work allowed for an annual barometer to be set up to permanently monitor the anticipated trends in terms of skills, training requirements and the policy for recruitment and developing adjustment plans at a firm and professional level (such as adapting training). Monographs on the main businesses and their prospects for change were then produced. Since 2007, the observatory produces a long-term barometer each year covering a 5-year period.

### ***2.1.2.2 Regional and local systems***

We cannot claim here to cover all the local systems and players that may contribute to approaches of anticipating restructuring. The tools were, and are, multiple at different regional levels (regions, employment areas, etc.) which leads to difficulties in linking up the different initiatives.

We can, however, note that the regions have technical tools with which to analyse the current and future requirements of the regional economy in terms of employment and training: job creation, labour demand, recruitment difficulties, qualifications expected by the firms. It is then a matter of directing the regional policies on vocational training, insofar as the regions, the specific regional authorities, currently have significant skills for this.

In this measure, some systems can contribute to an approach of anticipating restructuring at a regional level. Among them, we can cite the Observatoires Régionaux Emploi Formation (regional observatories on jobs and training, the OREF). The latter can be considered to be tools to aid decision-making for the State, the regional councils and also all the players involved in establishing employment and training policies at a regional level. For this, they notably ensure the permanent and long-term monitoring of emerging trends in terms of employment and training, which can give rise to information being produced on the basis of various methods, depending on the regions in question.

We should also underline that the majority of the regions have in place procedures, at a sectoral level, for exchanging information and for reflection with both sides of industry. Again, this involves ensuring that pertinent training offers are created. This consultation is principally organised around regional objective contracts signed by the State, the regions and the representatives of the employers and workers. These contracts aim to ensure a common diagnostic can be shared on the employment and qualification requirements of the branch and, on this basis, that axes of change in terms of the available training offer can be established.

By way of a provisional report on the human resource planning approaches, we note that with a view to ensuring their development, a national inter-professional agreement was negotiated by the social partners on 14 November 2004. It has, however, not yet been signed by all the representative union organisations at a national level. It is of course too early to predict the effects that may be produced.

## 2.2 Response strategies to the context of economic recession and improving the employability of workers

### 2.2.1 PARTIAL UNEMPLOYMENT AND JOB PROTECTION

Partial unemployment is a long-standing system that enables a firm faced with a temporary fall in its economic activity or a natural catastrophe to temporarily reduce the working time of its workers or to suspend its activity. This measure is subject to the authorisation of the State and the existence of exceptional circumstances. The aim of this system is therefore to avoid economic redundancies. Partial unemployment does not therefore terminate the workers' employment contracts. The workers are instead subject to a pay cut at this time.

The extent of the current economic crisis has led to greater recourse to partial unemployment, primarily within the automotive industry, both manufacturers and sub-contractors. It is the greater use of the system that explains its recent reform in December 2008 and then January 2009. The maximum period of partial unemployment is now 6 consecutive weeks (instead of 4 as before). Since January 2009, on the other hand, the maximum annual quota is increased: it increases from 600 to 800 hours for all the professional branches except for the automotive branch, which increases to 1000 hours. If the situation persists beyond one or other of these limits, the workers are considered to be seeking employment although their employment contract has not been terminated. For a limited period, they may receive unemployment pay. If the workers do not return to work at the end of this period, the employment contract is terminated and redundancies must take place.

The reform of the system has also further limited the pay cut incurred by the workers. The employer must therefore pay them at least 60% of their gross hourly pay, instead of the 50% previously. Since 1 May 2009, a new update applies: if the reduction in activity lasts at least 3 months, the compensatory pay is increased to 75% of the gross hourly pay for a maximum of one year. To partially offset these payments, the employer receives a special State allowance, the amount of which varies depending on the size of the firm's workforce.

Between 1995 and 2005, the number of cases of partial unemployment authorised by the State fell constantly, concerning an average of 1% of establishments and 2% of workers in the non-agricultural trade sectors. In 2005, 1.8 million days of partial unemployment were authorised. This figure was six times higher in 1996. The trend has reversed sharply since the last quarter of 2008.

What can we say then about the objective of the system? Can partial unemployment really prevent economic redundancies? Studies carried out on this point say not. Serious temporary difficulties faced have culminated in mass redundancies, such that recourse to partial unemployment announces redundancies rather than avoids them. In this measure, this system can only be said to contribute to anticipating restructuring if the firms use the period of partial unemployment to improve the employability of their workers. The challenge is now to combine the measure with support (such as training) so as to organise the professional transition of the workers.

In this respect, it is interesting to note that management and labour in the metallurgy sector, which has been particularly affected by the recession, have just signed a collective branch agreement aimed notably at encouraging the implementation of training during periods of partial unemployment. Signed currently by four representative union organisations (out of five), it provides for the use of 50 million euros (through the branch's collection agency) to partly fund the pay of the workers during these training periods.

### 2.2.2 SOCIAL INVESTMENT FUND<sup>4</sup>

Initially proposed by a union confederation (the CFDT), a social investment fund has just been set up by the State and the social partners at a national level. Its aim is to prioritise the training of workers to prepare them for the “jobs of tomorrow”. Funded by the State and the social partners, with an initial amount of 2,7 billion €, this new instrument aims to strengthen vocational training activities, whether for workers in partial unemployment or for job seekers. It should also support employment policies for young people as well as sectoral programmes for retraining workers and adapting businesses. A very recent example of this is the national and triennial framework agreement for developing jobs and skills in the construction sector.

### 2.2.3 STRATEGIC INVESTMENT FUND<sup>5</sup>

The purpose of creating a sovereign wealth fund, which was decided on 30 October 2008, is to help French firms that need to find stable investors to fund their development projects. The methods for operating the fund were stated the following 20 November. On its creation, the fund was given 6 billion euros by the State. The size of the fund gives it a global ranking of 20 in sovereign funds. Before the end of 2009, the fund contribution will increase to 20 billion euros, of which:

- 14 billion contributed in the form of holdings currently held by the Consignment and loans fund (CDC) and by the State in firms considered to be strategic firms
- 6 billion of available funds contributed by the CDC and the State.

The objectives governing the creation of the strategic investment fund are as follows:

- To support the development of promising SME that often have difficulty obtaining financing;
- To secure the capital of strategic firms;
- To act to develop or temporarily help firms with a high potential or innovative and ground-breaking projects, then to withdraw in the medium-term.

<sup>4</sup> On social investment fund [http://www.minefe.gouv.fr/presse/conseil\\_ministres/0904152.php](http://www.minefe.gouv.fr/presse/conseil_ministres/0904152.php)

<sup>5</sup> On strategic investment fund - [http://www.minefe.gouv.fr/presse/conseil\\_ministres/0904151.php](http://www.minefe.gouv.fr/presse/conseil_ministres/0904151.php)

## 2.3 The interaction between strategies of innovation and human resource management: the example of poles of competitiveness

Setting up poles of competitiveness, which the government began in 2004, corresponds to an ambition of developing a new industrial policy focused on promoting innovation. It therefore involves strengthening the French industry within the context of the globalisation of exchanges, by organising the collaboration of industrial and scientific players and those in charge of training in a region. Bringing these players together should stimulate innovation, enhance the economic attraction of the regions and place a brake on relocations. Setting up a pole of competitiveness is subject to obtaining a label from the State (inter-ministerial committee on regional planning and competitiveness) at the end of a precise procedure that should afford an assessment of the pertinence and potential contributions of the pole. Conducting a development strategy that is coherent with that of its region and guaranteeing synergies for innovation with a high added value constitute the label criteria of the projects. Once recognised, the pole can access the public funding with which to realise its projects.

From 2006 to 2008, the budget allocated by the State to the poles of competitiveness was 1.5 billion euros. This amount is to be allocated again for the period 2009-2011. Other sources of funding, such as from local authorities, can complete the involvement of the State. There are currently 71 poles of competitiveness covering numerous sectors of activity.

Given their nature and their specific objectives, the poles of competitiveness raise the general question of the links between innovation and the labour market. The link with the theme of anticipating restructuring is obvious if we see that the poles, by contributing to creating and developing innovation, naturally questions the players on the labour market: what skills to promote for the future? How to direct the actions of players of the preliminary and ongoing training system to produce these skills? Moreover, how to anticipate the consequences of the promoted technological innovations on the businesses of today?

Other questions bear testament to the fact that the natural vocation of the poles of competition is to contribute to managing the social dimension of their activities, primarily at the level of their regions. Beyond the theory, however, the first analyses on the involvement of the poles of competitiveness as players, in matters of employment and skills show that it is, in fact, still weak. Besides the diversity of the situations linked to the specific features of each pole, the strategies of the players involved in these systems are still poorly developed, whether this relates to contributing to developing employment and the necessary skills (by stimulating the creation of new jobs in conjunction with the regional human resource planning players) or contemplating the impact of the promoted innovations on the existing businesses. In this regard, the role of these tools at the service of ambitious innovation policies is still to be defined.

 **An example: CAP DIGITAL**

Situated in Île-de-France, Cap Digital is a pole of competitiveness dedicated to the development of digital content. It was given its label in July 2005. It covers 6 areas of activity:

- Sound, image, video games
- Digital heritage (archiving, 3D)
- Services and usage
- Knowledge engineering
- Digital publishing (distance training content)
- Design, creation

The pole is therefore made up of several different professional branches. It is made up of 300 members, a large number of which are SME (250 direct members), 30 public teaching and research establishments, 16 large firms and 8 business consortiums and the regional authorities.

The technological developments instigated by the pole, based on digital convergence, potentially have very major impacts on numerous businesses and sectors.

Matters of training and employment preoccupy the players of the pole, but actions to this end are still in development. The branches of activity involved are already working around aspects relating to the impact of the current developments on employment. CAP DIGITAL has not, on the other hand, really defined its possible role in matters of employment and training. Since 2007, the pole has initiated studies with a view to measuring and supporting human resource changes in firms falling within the remit covered by CAP DIGITAL. Reflection looks at the means with which, through the pole, to help anticipate the changes in jobs and skills on the basis of consultation between various firms from different branches.



Economic redundancies (particularly mass redundancies) alone are far from covering the complex reality of the restructuring phenomenon. It is, however, of course due to these situations that systems that could be qualified as restructuring support systems have been and are still often created. This is why we think it would be relevant to first of all present the main features of French law on economic redundancies (1), before looking at the measures which, within this framework but also beyond this, contribute to favouring the re-employment of individuals (2). In order to complete the panorama, we also need to report on the means of managing the impact of restructuring on the regions (3).

## 3.1 Restructuring and economic redundancies

### 3.1.1 DEFINITION AND JUSTIFICATION OF MASS ECONOMIC REDUNDANCIES

What is commonly referred to as “mass redundancy” in Europe corresponds in France to the economic redundancy defined by the Labour Code as a “*redundancy implemented by an employer for one or more reasons not related personally to the worker, resulting in the elimination or transformation of a job or a change, which is refused by the worker, of an essential element of the employment contract, notably as a result of economic difficulties or technological changes*”. The French rules, however, differ depending on the size of the firm in question and the number of redundancies. Important distinctions exist when the limit of 9 people made redundant on economic grounds is exceeded.

The qualification of the redundancy (whether related personally to the worker or not) is the responsibility of the employer. In the case of economic redundancies, French law stipulates that these are job cuts, which obligates the employer, in accordance with French and European legislation, to:

- establish the job categories affected by the redundancies, which are defined in case law as “*a set of activities susceptible of being exercised without distinction by the workers*”. These job categories therefore group together all the workers potentially affected by the redundancies;
- establish redundancy order criteria. The selection of the workers to be made redundant must therefore be based on objective criteria which “*notably account for family responsibilities, particularly those of single parents, length of service in the establishment or firm, the situation of workers with social characteristics making their re-entry into employment particularly difficult, notably people with a disability and senior workers and also the professional qualities sought by category*”

The redundancy decision is therefore part of the management prerogatives of the corporate manager, as is its qualification. There are rules, however (which include the definition of the economic redundancy), the application of which can be verified by the judge. Since 1986, implementing redundancies is no longer subject to obtaining State authorisation, more

specifically the labour inspectorate. It does fall to the judge, however, if the redundancy is disputed by the worker, to verify the reality and gravity of the grounds for the redundancy implemented by the employer.

The employer must only use redundancy as a last resort and is obligated to adapt the worker to changes to his/her job and, if adaptation is not possible, to seek re-employment options for the worker not only within the firm but also, where applicable, the group and outside the national territory. Should the employer fail to do this, it is obligated to pay compensation for a redundancy without real and serious cause. The State can financially support the training and adaptation of the workers in order to ensure they remain in employment. This is covered by the training and adaptation agreements of the Fonds National de l'Emploi (the national employment fund).

### **3.1.2 ECONOMIC REDUNDANCY PROCEDURES: METHODS OF ASSOCIATION OF THE STAFF REPRESENTATIVES**

The legal rules concerning the above depend on the number of workers made redundant and the size of the firm.

In the case of an individual economic redundancy, regardless of the size of the firm, the worker must have the decision explained in a meeting held before his/her redundancy, based on a written meeting notice sent by the employer "*within a reasonable period*", giving the worker the possibility of preparing for the meeting and being accompanied by the person of his or her choosing from within the firm.

#### ***3.1.2.1 The information-consultation procedure***

In the case of mass redundancies (2 or more over the same 30-day period), the employer must also inform and consult (gather opinions) the staff representatives if they exist. It must bring them together at a meeting by sending a meeting notice on which it must provide *all useful information* on the planned redundancy and *notably*:

- The economic, technical or other reasons for the planned redundancies
- The number of redundancies per type of contract (fixed-term contract, open-ended contract etc.)
- The proposed selection criteria (normally detailed in the collective agreement)
- The time periods and proposals for avoiding redundancies or reducing the number of redundancies
- The details of the employment safeguard plan (mandatory if there are at least 10 redundancies over the 30-day period in a firm of at least 50 workers, see 3.1.3. below)

When there are at least 10 planned redundancies, the worker is no longer a direct part of the procedure (no preliminary meeting), which is organised with the staff representatives.

When the planned redundancies affect more than 10 employees in a firm of more than 50 workers, the employer is obligated to inform and consult the works council about both the restructuring project (the origin of the planned mass economic redundancy) and the planned



mass redundancy (including the employment safeguard plan). The employer must therefore implement two procedures, but these can take place concomitantly. The fact remains that in the spirit of the law, the staff representatives are not merely supposed to be involved with handling the consequences of the restructuring project.

In terms of the redundancy procedure itself, the employer is obligated to organise at least two meetings of the staff representatives. These may be attended by an external expert paid by the employer. The time period between the meetings, which should give the staff representatives the necessary time to define their positions, is defined by law and varies depending on the number of redundancies planned.

The law allows for the works council to refer a case to the court at each moment of the procedure if its members believe that the procedure has not been complied with or if they believe that the employment safeguard plan proposed by the employer does not contain adequate re-employment measures. The judge may suspend the procedure until the irregularities noted have been remedied. . Recourse to a judge hearing applications for interim relief during the procedure is relatively frequent in firms of more than 50 employees, and is used as a way of applying pressure within the context of bargaining the redundancy programme and the redundancy pay awarded to the workers. This information and consultation of the works council crystallises the majority of objections and conflicts.

The information-consultation procedure puts the works council and the union organisations sitting on it by right in a position to understand the proposed restructuring and also to formulate economic alternatives to the planned redundancies and to seek any means of avoiding or limiting the number of redundancies. It is, however, only given a power of influence. The opinion of the council is purely consultative and the management of the firm does not have to account for it. The obligations on the employer are extremely strict but only concern informing and gathering the opinion of the works council. The only element on which the works council can exercise power is the employment safeguard plan. Again, however, this power is limited to the possibility of applying for its legal cancellation due to insufficiencies in terms of the firm's resources or the requirements of law.

Moreover, the procedure described here is not a bargaining procedure. Bargaining is, in France, the remit of the unions and the unions are not consulted in the information and consultation procedure of the works council, despite the fact they rightfully attend the different meetings.

At the end of the procedure, regardless of the opinion of the works council, the employer may proceed to the implementation of the programme and notify the redundancies. The procedural judicialisation process in France is explained by this lack of power of the staff representatives.

### **3.1.2.2 The obligations of the contractor**

Furthermore, and given the possible effects of restructuring processes on the firm's sub-contractors, French law imposes a certain number of obligations on the contractor. The latter, embarking on restructuring that is susceptible of "affecting a volume of activity or employment within a sub-contractor firm" must immediately inform the sub-contractor firm. The staff representatives of the sub-contractor firm must then be sent the information and receive all useful explanations about the probable changes to activity and employment. This provision recognises the relations of economic dependence of sub-contractors vis-à-vis contractors,

without, however, breaching the respect of the legal independence of the organisations in question. The provision does not in this measure reorganise the work community by arranging a meeting of the staff representatives in the contractor firm and staff representatives in the sub-contractor firm for the purpose of exercising the prerogatives recognised as belonging to staff representation organisations.

### **3.1.2.3 Bargaining and method agreements**

On another level, it is important to note that since 2003, the legislator has recognised that the union organisations in the firm and the employer have the right to sign a new type of collective agreement qualified as “method agreements”. Through collective bargaining, the information/consultation methods of the works council can be planned in the event of economic redundancies of at least 10 employees over a 30-day period. At the outset, the aim was to enable the parties to define a common agreement upstream of the economic redundancy procedure. More precisely, these agreements can allow for the following to take place:

- Fix the conditions based on which the works council is informed and consulted on the economic and financial situation of the firm and is able to formulate alternative proposals to the employer’s economic plan central to the restructuring.
- Organise the implementation of occupational and geographical mobility actions within the firm and the group.
- Anticipate the content of a possible employment safeguard plan

In brief, this involves “safeguarding the mass redundancy procedure” and possibly anticipating the worker re-employment methodology. The objective of anticipation is clearly there, but in a context in which the probability of restructuring is very high. These agreements can also be signed at the time of the mass redundancy procedure. Case studies carried out on several agreements of this type conclude that these agreements can effectively improve the quality of social dialogue in the firm by improving the quality of the information supplied to the staff representatives, by introducing bargaining upstream of the simple information-consultation process imposed by the law on economic redundancies and thereby facilitating the compensation obtained by the workers throughout the entire restructuring process<sup>6</sup>. Within this positive perspective, they can contribute to a bargained approach of support for economic changes.

### **3.1.3 THE EMPLOYMENT SAFEGUARD PLAN: AVOIDING REDUNDANCIES AND AFFORDING THE RE-EMPLOYMENT OF REDUNDANT EMPLOYEES**

The employment safeguard plan occupies an important place in mass redundancy procedures affecting a large number of workers. It is therefore essential to tackle it as such at this level of the developments. We will detail the re-employment measures that it is likely to include in chapter 3.2 (see below).

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<sup>6</sup> See M. Petrovski, D. Paucard, *Les accords de méthode et leur impact sur les procédures d’information et de consultation des représentants du personnel : some results based on eight case studies*, Review of the IRES, no. 50, 2006

The dual obligation of avoiding redundancies and assisting with re-employment is imposed on employers in France, although its application is very different depending on the limits reached. If the number of redundancies is less than 10 or if the number exceeds 10 but in a firm of less than 50 workers, the employer is not obligated to present an employment safeguard plan. If the two limits are exceeded, the employer is obligated to present this plan. A set of measures partly funded by the State can be requested by employers to help them meet their obligations.

The employment safeguard plan can be defined as a tool aimed at “*avoiding redundancies or limiting the number of redundancies and facilitating the re-employment of staff whose redundancy could not be avoided*”. It occupies a constant position in French law: economic redundancy must be the last resort. Attempting to avoid redundancy is therefore the primary duty of the corporate manager and the anticipated effect is to safeguard the jobs of the workers.

The employer’s obligation to establish an employment safeguard plan therefore has a dual dimension. To plan measures susceptible of avoiding redundancies. Moreover, and this is the second part of the plan, to plan measures specific to ensuring the re-employment of workers whose redundancy could not be avoided.

Within this perspective, the employment safeguard plan can include different types of measures, of which the law provides a number of examples:

- Measures for reducing or managing the working time
- Actions with a view to internal re-employment. Within this context, the use of a specialist firm to manage a re-employment unit is possible.
- Actions favouring external re-employment
- Training, validation of experience acquired or retraining
- Creation of new activities.

These examples are not exhaustive. The employer can therefore plan other types of measures. What is essential, however, is the fact that the employer can only be considered to have met its legal obligations if the plan contains not simply compensatory measures. The employer’s obligation has only been met if the plan effectively contributes to the actual re-employment of the workers. Here, we see an essential dimension of French law, namely that the employer must do everything possible to ensure the re-employment of the workers in the event of restructuring.

The works council, in view of its information and consultation rights and the labour administration (Direction Départementale du Travail, de l’Emploi et de la Formation Professionnelle - departmental directorate of labour, employment and vocational training), to which the employment safeguard plan must be sent by the employer as a matter of obligation, are responsible for ensuring the plan provides precise re-employment measures.

If the employer does not present a plan, or presents an unsatisfactory plan (if, for example, the plan contains no specific information as to the number, nature and location of the jobs susceptible of being offered to the workers within the group), it is exposed to heavy penalties. The redundancy procedure and also the redundancies themselves can in fact be cancelled by the judge in this case.

The “French-style” redundancy programme is therefore, in its design, very characteristic of a “*model of the accountability of the employer vis-à-vis the workers made redundant*”, which makes it “*the number-one guarantee of the re-entry of the workers on the labour market*”.

## 3.2 The worker support measures

### 3.2.1 REDUNDANCY PAY

Any redundancy gives rise to the payment, to the workers, of the outstanding amounts that the firm owes them, on the one hand, and an amount linked to terminating the employment contract, on the other.

In the case of redundancy (except in a number of cases of so-called gross misconduct or gross negligence that may have been committed by the worker), five types of redundancy payments can be paid to the workers, three of which are mandatory:

- The payments compensating paid leave;
- The notice compensation if the notice – mandatory – is not given by the employer;
- The legal redundancy payments. These must be paid to all workers made redundant except for cases of gross misconduct or negligence. In all cases, the calculation of these payments depends on length of service. Since 2008, and in contrast to the situation existing previously, the amount paid is not doubled in cases of economic redundancies. Under the law, the redundancy payment is fixed at 1/5 of the monthly wage per year of service, added to which is 2/15 of the monthly wage per year of service over ten years. The collective agreements can provide for payments higher than those set down in law, particularly in cases of economic redundancies.

There are two other types of payments: the contractual payments and the payments aimed at repairing damages. The first depend on the terms of the employment contract and the second depend on collective bargaining (very frequent) during redundancy procedures or individual bargaining in the case of an individual redundancy (whether on economic grounds or not) or even the penalties that may be imposed on an employer if an economic redundancy is unjustified.

### 3.2.2 EVICTION OF SENIOR WORKERS FROM THE LABOUR MARKET

#### *Early retirements*

The use of systems allowing senior workers to totally or partially cease their work before their retirement age has long been a flagship measure in supporting restructuring. It has broadly allowed firms, with the financial support of the State, to limit the impact of restructuring to the detriment, however, of keeping senior workers on the labour market. This logic is reflected in multiple systems. The most well-known, created in 1963, is the special allowance of the national employment fund, permitting the payment of a substitute income (only partly replacing the wage received previously by the worker) to a worker of 57 years of age who is unable to benefit from re-employment measures and made redundant on economic grounds, until being entitled to claim full retirement. The system is co-funded by the State and the employer based on an agreement signed by them at the time of a redundancy procedure.

We can't detail here all the measures corresponding to this general policy, but it should be noted that the possibilities of accessing the policy are considerably restricted.

### ***Restriction of access and persistence of the practices***

The impact of demographic change and the ageing of the population, to ensure the financial viability of the French pension system, presupposes in fact a policy that favours keeping seniors in employment or their return to employment. Thus, an important law adopted in 2003 reforming retirement notably restricted the conditions for accessing the existing systems and placed further financial burden on firms in this respect. The principal objective was to focus the benefit of early retirement measures on workers exposed to particular risks (system for early retirement of asbestos workers) or those involved in highly strenuous jobs (system for the early retirement of certain paid workers). The result was a gradual fall in so-called public early retirements since these were financed in part by the State. In 2007, the number of workers that were part of such systems continued to fall sharply: from 90,488 people in 1996 to 10,400 in 2007<sup>7</sup>.

This trend should not lead us to ignore the fact that this fall is accompanied, in correlation, with a significant increase in the number people aged 55 and more entering the unemployment benefits system. Furthermore, firms, notably the largest, can themselves organise and fund early retirements without State support, despite the fact that the employers are, in these situations, subject to the payment of a specific contribution to the social security bodies.

The fall in the number of early retirements funded by society is therefore not synonymous with keeping senior workers in employment.

## **3.2.3 THE RE-EMPLOYMENT MEASURES**

If restructuring results in economic redundancies, the employer is obligated to offer workers the benefit of different systems with a view to their re-employment outside the firm if internal re-employment (in the firm or the group) is not possible. These measures can vary depending on the size, and therefore the resources, of the firm. Some are the result of implementing an employment safeguard plan, while others are aimed at helping workers whether an employment safeguard plan is in place or not.

### ***3.2.3.1 The re-employment units***

Re-employment units are a measure assisting with worker re-employment that is almost always included in employment safeguard plans. ). These units were set up in the middle of the 90s as a mandatory element of any serious employment safeguard system. Made up more and more commonly of re-employment professionals belonging to companies specialising in individual or group outplacements, the role is to “*to receive employees at threat of redundancy, assess their professional situations, their qualifications, guide them, advise them and assist them in their re-employment*” and use their network to “*seek job offers*”. They therefore play the specific role of a technical operator in the redundancy programmes, operationally responsible for the implementation of the re-employment actions of the redundancy programme headed up by the firm.

<sup>7</sup> See DARES, *Les préretraites publiques en 2007*, Premières Informations, Premières Synthèses, no. 09.3, February 2009

The development of these units goes hand in hand with the development of the firms in charge of them. Some reach a substantial size (between 300 and 600 people) and take on an international dimension. They are a place in which to capitalise support practices for professional transition in the event of redundancy. The quality of the re-employment units set up by each firm depends on its resources, State aid, the actual desire to be re-employed and the quality of the firm in charge. They can be fully or partly funded by the State through the national employment fund. The level of State aid varies, notably depending on the contributory capacity of the firm.

Analyses on the effectiveness of the external re-employment measures included in employment safeguard plans (enabling us, consequently, to determine the effectiveness of the re-employment units) are not systematic. A study conducted by the Ministry of labour based on 570 employment safeguard plans notified to the authorities between 2002 and 2005 provided some interesting findings however. One year following the implementation of an employment safeguard plan, 46% of workers benefited from an external re-employment solution. Among them, 17% were on open-ended contracts, 9% on fixed-term or temporary contracts of 6 months or more, 4% in long-term training (6 months or more), 2% were able to validate a business start-up project. The benefit of the support services provided for in an employment safeguard plan rarely results in a return to so-called stable employment.

### **3.2.3.2 The re-employment leave**

In firms with less than 1,000 workers, an employer planning to announce an economic redundancy is obligated to offer each worker re-employment leave, which is not conditional upon length of service. The aim of this leave is to enable the worker to benefit from training and the services offered by a support unit (see above) when searching for new employment. At the outset, this could mean creating a skills sheet to define the worker's vocational project and, where appropriate, the necessary training or validation of experience acquired. These actions are funded by the employer and cannot be charged to its contribution to the sectoral vocational training funds.

The term of the leave is 4 months at least and 9 months at most. It is fixed by the employer after consulting with the staff representatives. The term of the leave is charged to the term of the redundancy notice but if the duration of the latter is shorter, it is extended to match the term of the leave. During the term of the leave, the employment contract of the employee is therefore maintained. He/she will only, however, receive his/her normal wage for the term of notice. After this, the worker will receive a fraction of his/her gross wage, paid by the employer (65% of the average gross wage of the 12 months preceding the start of the leave or, depending on the case, 85% of the index-linked minimum growth wage).

If an employment safeguard plan has been established, the conditions for implementing the leave are defined in this plan. In any event, the employer must mention the proposed re-employment leave in the redundancy letter sent to the worker. The worker is free to refuse the employer's proposal but if he/she accepts, he/she becomes subject to a certain number of commitments linked to achieving the objective of the leave. Through this system, we note the concern of guaranteeing further security, including financially, to the worker in transition.

### **3.2.3.3 The personalised re-employment agreement**

Firms with less than 1,000 workers must, in the event of economic redundancy, and therefore even in the absence of the obligation to establish an employment safeguard plan, offer to the workers affected by the redundancy the benefit of a personalised re-employment agreement. Borne of a law adopted in 2005, this system has just been renewed and improved by both sides of industry at a national level, through an inter-professional national agreement dated 23 December 2008<sup>8</sup>. This system means that the worker, when his/her employment contract is terminated, can benefit from actions aimed at favouring rapid re-employment: psychological and social support, skills assessment, vocational guidance, training.

The services are provided by the public employment service, called the Employment Pole. The worker can refuse the proposal. If he/she accepts the proposal, his/her employment is reputed to have been terminated with the joint agreement of the worker and the employer. Within the 8 days from signing the agreement, the worker will benefit from an individual meeting with a view to establishing a preliminary report on his/her professional abilities. The support received by the worker is then incorporated into a "personalised re-employment action plan". The term of the agreement cannot be longer than eight months, during which the worker takes the status of a vocational trainee. If the length of service of the worker is two years, he/she will benefit from a specific re-employment allowance during this period. This allowance is equal to 80% of his/her gross daily reference wage during the eight months. The allowance, however, is still paid for a further 4 months, but now represents only 70% of the daily reference wage. If the length of service of the worker is not two years, he/she receives unemployment benefits at the normal rate. The payments are made by the unemployment payment system, but the employer contributes in part to funding these measures.

### **3.2.3.4 The professional transition contract**

Set up on a trial basis in a number of precisely demarcated employment areas, the professional transition contract (abbreviated to CTP) is aimed at workers whose economic redundancy is planned in a firm that is not obligated to offer re-employment leave. In the firms in question, the obligation on the employer to propose a professional transition contract substitutes the obligation to offer a personalised re-employment agreement. The firms in question are currently those who are, or will be, implementing an economic redundancy procedure from 15 April 2006 to 1 December 2009 and located in 7 employment areas initially, the number of which is now 18.

The aim of the professional transition contract, the maximum term of which is 12 months, is to supervise the professional transition process, which may include support measures, training periods and work periods within firms or public organisations. For the term of this contract and outside periods in which he/she exercises a paid activity, the holder of the CTP receives a professional transition allowance equal to 80% of the gross average wage received over the 12 months preceding the signature of the CTP, which corresponds closely to the previous net wage of the worker.

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<sup>8</sup> Intersectorial collective agreement - December 23, 2008 – for securing unemployment benefit regime

The worker is free to sign such a contract once informed of this option. If he/she accepts, the contract is signed with the public employment service, the Association pour la Formation Professionnelle des Adultes (the association for the vocational training of adults, the AFPA) or the Employment Pole, depending on the employment area in question. The employer contributes to funding the professional transition allowance based on similar methods to those for the personalised re-employment agreement (see above).

A first report drawn up in 2007 by the Inspection Générale des Affaires Sociales (general inspectorate of social affairs) reported well-balanced conclusions on the implementation of this system. From a financial perspective, the system is costly due to guaranteeing the large wage offered to those who are part of the system and the costs incurred by the greater support received by the worker. In terms of re-employment, although observations that could be made remain incomplete due to a lack of sufficient feedback, the sustained rate of exit into employment is estimated at 58% and, above all, rises sharply between the eighth and twelfth month after joining the system, which argues the case for keeping a relatively long term for this type of system.



### ***An example: the professional transition contract in the employment area of Morlaix***

Although the professional transition contract is a recent measure in France, there are positive effects in some of the first trials that have taken place. This is the case in the Morlaix employment area, situated in the Finistère (in the west of France), where the trial began in 2006. This employment area covers 61 communes. The professional transition contract here is implemented by a body called Transitio-CTP, set up by the Association for the Vocational Training of Adults to manage the system. In 2008, it consisted of 8 advisers under the supervision of a project manager. Each was responsible for a maximum of 30 people, former workers hit by redundancy (as opposed to around 150 for a “traditional” public employment service agent). The aim is to help these people find permanent employment, whether on an open-ended contract, a fixed-term contract, a temporary assignment of more than 6 months or in terms of a business start-up or takeover. At least one meeting per week is organised by the body to supervise the workers, offer them training or find them jobs on a trial basis.

As at 1 April 2008, 400 people signed a professional transition contract in this region and 307 were able to find so-called permanent employment in under one year. Among them, 62% secured an open-ended employment contract. The average processing time of the unit was 6 months.

The trial is planned to continue to at least the end of 2009 and appears to reveal the potential attached to the professional transition contract, at least when the local economic fabric, as is the case of Morlaix, is sufficiently dense.



### 3.3 Managing the regional impact of restructuring

Actions endeavouring to ease the impact of restructuring on the regions are very diverse and likely to involve numerous public players (among which the State and the regional authorities) and private players (firms, union organisations, administrative bodies, etc.). We cannot claim here to be exhaustive. We will concentrate on a number of systems, before highlighting two examples that show different methods of action.

#### 3.3.1 EXAMPLES OF SYSTEMS

##### ***3.3.1.1. Contribution of the firm to revitalising the employment area affected by restructuring***

Since 2002, when a firm implements a mass redundancy programme that “*affects, by virtue of its extent, the balance of the one or more employment areas in which it is situated*” (Art. L321-17), the State representative (the Préfet) may take action to “*implement actions so as to permit the development of new activities and counter the effects of the envisaged restructuring on the other firms in the one or more employment areas*”.

Within this context, the request sent to the firms varies depending on their size. If the firm (the group) employs 50 to 1,000 workers, the departmental State representative may order a social and regional impact study that accounts for the observations of the firm. It then arranges the implementation of actions so as to develop new activities and counter the effects of restructuring on the other firms (especially sub-contractors) in the one or more employment areas in question. The firm and the Préfet “*together define the methods based on which the firm will take part, where appropriate, in these actions, accounting in particular for its financial situation and the number of lay-offs*”.

If the firm has more than 1,000 workers, an agreement (called a revitalisation agreement) must be signed with the State within the 6 months from the notification of the redundancy programme to the authorities. The contribution of the firm cannot be less than two times the index-linked minimum growth wage per lay-off. If the agreement is not signed, the firm must pay a tax equal to four times the index-linked minimum growth wage per lay-off.

In firms with more than 1,000 workers, the Préfet arranges the meeting and the firm is obligated to make a financial contribution. The relationship between the agreement and the redundancy programme has been more precisely defined by the last law (January 2005), which indicates that “*this agreement accounts for actions of the same type that may be provided for within the scope of the employment safeguard plan established by the firm*”. The planned actions must also be determined after “*consulting with the regional authorities affected, the administrative bodies and the social partners*”.

This relatively new measure marks a consolidation of the approach aimed at ensuring that the large firms contribute to funding the measures adopted to counter the negative effects of restructuring. It also marks a change in the French approach to restructuring, sensitive to other

areas such as worker re-employment, which gives regions a more important place in the information and consultation processes. It originates from a number of old State practices and a number of large French groups who have for a long time wanted to set up regional action plans in the event of restructuring.

In 2008, 220 agreements were signed, providing for the creation of more than 24,000 jobs. The most commonly adopted actions involved support with business start-up/takeover, seeking a buyer, granting loans or premiums for job creation projects. The scope of intervention could be far larger.

An initial evaluation of revitalisation agreements carried out in 2006 by the Ministère de l'Économie (ministry of the economy) highlighted their overall positive effect on job creation: in June 2006, the agreements afforded the re-creation of more than half of the jobs cut by the signatory firms. In terms of their contribution to creating new economic activities, however, the conclusions were that this was difficult to evaluate.

### **3.3.1.2 Site contracts**

The implementation of site contracts is part of the policy for supporting economic changes established by the government. The general framework that applies to these contracts was specified by the Comité Interministériel pour l'Aménagement et le Développement du Territoire (inter-ministerial committee for regional development and planning, the CIADT) on 26 May 2003 which approved the first contracts.

The objective is to provide a rapid and appropriate response to industrial restructuring operations with a heavy local socio-economic impact.

The system, which subscribes to a medium-term perspective (3 years), was designed, over a defined area, to allow for the creation of an active partnership between the State, the regional authorities, administrative bodies and other local economic players, and for the rapid creation of a support action plan based on a shared regional diagnostic and common strategic axes. The contract specifies the role and the financial commitments of each of the partners. The contract is managed by the departmental Préfet, but contract governance is by the partners. A project manager is normally appointed to organise and coordinate the implementation and monitoring of the operations.

The methodology of the site contracts (prior diagnostic, strategic axes, defined scope of application, set of measures, co-financing, management, governance) was then applied to the economic re-dynamisation programmes required by major economic restructuring, but with less impact at a local level, called regional contracts. Added to the contractual commitments of the partners could, where applicable, be the funding contributed by the firms under the terms of their legal revitalisation obligations.

The impact of the actions contained in the contract on local employment and regional redevelopment is measured principally on the basis of the re-employment rate of the redundant workers, the number of jobs created, the diversification applied to the economic fabric and the creation of sustained local and partnership-based dynamics.

We can see how these contracts have mobilised all the signatory partners. The final and consolidated specific evaluation of each contract, however, only proves to be relevant at the end of its implementation, and even later still, given the medium-term effects of some of the actions.

Since the creation of the system, 34 contracts were approved by the government. Since March 2007, no contract has been approved. 16 out of the 34 contracts are complete and have entered the evaluation phase. These tools are relatively costly and are therefore used selectively and sparingly. Their content, alongside the actions to dynamise sectors of activity and create businesses and jobs, most commonly translates to a global development strategy for a region. The levers used within these systems consist of market development services and helping corporate managers draw up business plans, providing guarantees for bank loans, unsecured loans at a reduced rate and sometimes direct subsidies to the created job.

### ***3.3.1.3 Fonds National de Revitalisation des Territoires (national regional revitalisation fund, the FNRT)***

The systems described above do not necessarily lead to regional revitalisation actions. This is why the FNRT was recently created. The FNRT was created in February 2008. This fund completes the existing economic revitalisation system set up to help the regions affected by corporate restructuring. It is funded by the Ministère de l'Économie, de l'Industrie et de l'Emploi (ministry of the economy, industry and employment) and by the CDC. OSEO, the public body set up to support SME through a regional network, is in charge of the financial management of the system. The Inter-ministerial delegation for concerted territorial planning (DIACT) and the ministry of the economy, industry and employment co-manage and oversee the system. The fund's first strategic steering committee meeting was held on 8 April 2009.

Within the next three years, the FNRT should enable OSEO to grant 135 million euros worth of unsecured loans to firms creating or retaining 10 to 500 jobs in the regions affected by economic restructuring which does not lead to revitalisation actions. This is why the State and the CDC have provided OSEO with guaranteed funds of 45 million euros. The FNRT will operate on a largely deconcentrated basis. Its objective is in fact to support firms with development projects with the greatest possible reactivity.

The implementation of the FNRT in a region can be summarised as taking place in three phases:

- the departmental Préfet applies to the FNRT national monitoring committee with a view to securing the eligibility to the fund of a territory undergoing economic restructuring not leading to revitalisation;
- the FNRT national monitoring committee decides on the eligibility of the application. Depending on the extent of the harmful effects and the economic fabric in question, it earmarks a target envelope of loans for the selected region;
- the local steering committee, which includes the regional State departments (notably the regional divisions of business, competition, consumerism, labour and employment), OSEO and the CDC meet, chaired by the departmental Préfet. This person is responsible for collecting the business plans.

### 3.3.2 EXAMPLES OF INITIATIVES



#### ***The involvement of large firms at a regional level: the example of Saint Gobain Développement.***

The Saint Gobain group today operates in 59 countries and, worldwide, employs more than 200,000 people. 24% of its workforce is located in France. The group is the global leader in the housing markets. It operates a wide range of activities: supply of construction products, design and production of innovative materials, packaging and distribution for the construction industry.

The French structure that is part of the group, Saint Gobain Développement, was formed in 1983 with the aim of supporting the industrial restructuring of the group in France, both in terms of the workers and the regions affected. Beyond simple restructuring, the structure currently acts as an interface between the group and the French establishments, and also between the establishments and their environment: State departments, parliamentary departments, local authorities, administrative bodies. This role of interface takes different levels: human resource policies, support with local economic development, support to branches of activity.

Within this context, Saint Gobain Développement plays a central role in the restructuring process. It supports restructuring processes and, specifically, the mass economic redundancy procedures. Downstream, once restructuring has been decided, it takes charge of the re-employment of the workers affected, by implementing job-training units for example, in order to ensure the workers return to work as quickly as possible. In terms of the consequences of restructuring on the region, Saint Gobain Développement has, for a long time, been implementing actions to re-industrialise the affected sites, notably by providing support to local SME that may be in a position to create jobs. Its operating methods in terms of the regions are naturally very varied, depending on the local problems.

With Saint Gobain Développement, the group has a permanent structure in France situated at the point of contact between the different establishments and activities of the group and their external environment. The structure provides coherent support measures for restructuring, mindful of the image of the group and its social responsibility. Involved in both anticipating and supporting restructuring, Saint Gobain Développement sets itself apart from a classic re-employment body, which only takes action once the crisis has occurred.

Note that this type of action comes well before France adopted legislative provisions aimed at ensuring that firms contribute to regional revitalisation. Moreover, the commitment of Saint Gobain Développement is not only a “hot commitment” in a period of crisis, but also a very upstream commitment, where the structure is involved in the different systems aimed at local economic development (particularly the SME).

*The region as a pertinent level of intervention****The retraining and re-employment platform of the region of Bressuire***

Situated in the Poitou Charentes region, the Bressuirais employment area, despite its rural environment, is the region's second largest industrial area. The principal industries situated there are clothing, metallurgy, industrial joinery and agricultural products. The future of all these sectors is in doubt, notably clothing, which has been affected by lay-offs for several years. That said, this region enjoys the particular feature of having a dense fabric of SME, with 10 to 200 workers, spread throughout the area's communes. This is the general backdrop of the region's pilot retraining and re-employment platform set up in 2003.

In December 2002, the region was faced with the bankruptcy of two firms, one in the clothing sector and one in the transport sector, leading to a large number of redundancies. The sub-Préfet of Bressuire (representing the State at the district level) met with the members of the Bressuire Employment Area Committee (abbreviated to CBE) in 2003 to see if this body could foster the implementation of worker re-employment solutions throughout the employment area. As with the 90 other CBE created since the end of the 70s, the Bressuire CBE aims to help maintain and create employment at a local level by promoting regional social dialogue through the involvement of all the economic and social players: local electees, representatives of firms, union organisations, representatives of associations and cooperative and voluntary sectors.

In March 2003, the Bressuire CBE set up a regional retraining and re-employment platform. This system brings together all the local players: State, public employment service, training bodies etc. Its primary aim is to provide not only re-employment but also vocational retraining services for the people in disappearing sectors. The platform operates on 3 sites and is coordinated by the CBE. Different steering committees in charge of monitoring the operation of the platform have been set up. In February 2005, a report on the results of the platform showed that out of the 432 people made redundant, 388 have been supported by the platform, with 334 applying to be re-employed. From the latter group, 85% had found work by the end of 18 months. For 55% of the group, the re-employment proved to be synonymous with vocational retraining. Moreover, a survey conducted with the platform users revealed a satisfaction rate of 85% of those polled.

The interest in this initiative lies first and foremost in its results and, according to its promoters, even more so in the partnership illustrated between all the regional players than the re-employment techniques used. This pilot also illustrated the progression, at the level of the employment area, from a curative logic to one of anticipating restructuring. The Bressuire CBE is today involved in various human resource planning initiatives at a regional level. It is involved, for example, in observing employment trends in the Bressuire area. It is also, alongside other partners, a signatory, with the State, of a regional framework jobs and skills development agreement for the period 2007-2010, which shows how involved it is in missions to anticipate changes.



The study shows that the French “model” for managing restructuring is extremely rich and complex. Its spheres of action are multiple and take the form not only of government intervention but also, and at an increasingly regional level, social dialogue at all levels, beginning with the firm, and a multiplicity of external players, re-employment experts, consultants and firms.

## 4.1 The French model: the persistent weighting of support practices

Despite significant changes, some of which have been in place for 20 years, the French model remains marked by the weighting of support rather than anticipation practices. Restructuring only becomes a challenge for most players at a late stage, most commonly when major lay-offs are contemplated. Moreover, little attention is paid to forms of reorganisation which have no immediate or perceivable impact on employment, which can hardly be said to foster anticipation practices.

The weaknesses of the existing model are for some the object of an important consensus between the players while for others, an at times lively debate. We can characterise the weaknesses as follows:

### ■ *Unequal treatment at several levels:*

- Primarily between the firms. The French model is broadly based on the responsibility of the employer, which results in very different resources, very varied sizes and extremely varied ways of taking action. The large firms and groups seem to have the right tools to tackle restructuring, while the SME scarcely do at all and do not have access to systems for restructuring that are simply and rapidly accessible.
- Then between the workers, whether in terms of generations (young and old), levels of qualification, job statuses (open-ended contracts/other contracts with, for the latter, an exclusion de jure or de facto of a number of support frameworks). For some, restructuring will take the exclusive form of financial compensation. For others, this may, depending on their employment status or whether or not they belong to a large firm, go hand in hand with active vocational retraining or re-employment measures. The resulting sense of injustice leads to very strong resistance to the change;
- Finally between the regions, since the most vulnerable regions are not necessarily those on which the greatest efforts are focused.

### ■ *Persistent curbs in terms of anticipation, among which are:*

- The dissymmetry of strategic information between the firm’s management and the staff representatives and unions;
- The “hyper-accountability” of the firms which leads, on the one hand, to their managers taking innovative action, but also leading to approaches to bypass rather than solve the

problems and, on the other hand, a number of players stating requirements to the firm that it is not always able to meet;

- The non-existence or deficiency of places of dialogue to allow SME to deal with their specific restructuring operations;
- Education in restructuring that is necessary but still poorly implemented, both by the managers of the firm and the public authorities. This causes mistrust among the workers, who feel like victims in the face of procedures perceived as being obscure, unfair and negative in terms of professional duty. This leads also to very strong resistance to the change;
- Local authorities and regional organisations which are still very disparate in their methods of accounting for restructuring, often doing so at a late stage or on a very cyclical basis;
- A legal framework based principally on the notion of mass redundancy and the employment safeguard plan, in other words on measures that are far more often downstream rather than upstream of the decisions.

■ **Structures too spread out and too complex, currently characterised by:**

- Their compartmentalisation, the frequently one-off nature of their interventions and the low level of cooperation over time,
- An approach at times strongly focused on employment and not enough on the overall challenges posed by professional transitions, not sufficiently focused on equipping the people, their accountability and their personal projects
- A lack of evaluation of restructuring and its effects on the economic and social performances and policies, notably public policies, that restructuring leads to.

## 4.2 The French model: changes and challenges

The changes made to the model over recent years can be characterised as follows:

■ ***The search for a new balance between public intervention and that of the social partners.***

This balance still fluctuates and does not appear to have yet reached maturity. Social dialogue at a multi-industry level remains marked by major government injunctions, sinusoidal type relations between public authorities and social partners, multiple and virtually non-transparent interactions between government and regional authorities, compartmentalisation between players still very frequent and cooperation over time still difficult. In terms of restructuring, social dialogue at a branch level remains, overall, rather weak. At a company level, however, it has progressed significantly with attempts, although still uncertain, to introduce bargaining processes that go beyond the traditional information-consultation process.

■ ***Numerous innovations made in terms of anticipation:***

- Creation of economic and social development strategies at a regional level in particular, marked, among other things, by the implementation of poles of competition;



- Implementation of business and skills observatories at the sectoral and regional level;
- Strong encouragement given to bargaining on human resource planning, firstly at a company level but also at a regional level, and initiatives promoting the “cold” vocational or geographical mobility of the workers;
- Emphasis placed on training throughout the career with, on the one hand, numerous initiatives on validating experience acquired, skills sheets etc. and, on the other, successive reforms in vocational training in terms of facilitating access, structural reforms and portability of rights;
- Employment contracts made by negotiation more flexible, with a better access to vocational training and unemployment benefits, in order to counter the effects of market segmentation;
- Finally, although this measure could be considered as coming under anticipation as much as support, the extension of possibilities;

■ ***Important changes in terms of supporting restructuring, with:***

- Introduction of professional transition formulas such as personalised re-employment agreements or professional transition contracts, re-employment leave, promoting general use of re-employment units in employment safeguard plans etc....;
- Emphasis placed on the notion of regional revitalisation and the social responsibility of the firm;
- reorganisation of the public employment service, both in terms of placement and benefits (creation of the employment pole) and in terms of the work and employment services found in larger administrative units;
- reform of unemployment benefits aimed at, among other things, a lesser degree of exclusion of workers on fixed-term and temporary employment contracts;

The challenges of the French model for managing restructuring are numerous and go alongside long-standing difficulties in access to employment for the young and the return to employment for the socially excluded or the long-term unemployed. We believe there are three major challenges, which today consist in:

- arriving at a more satisfactory level of anticipation at the different levels of the firms, sectors and regions and developing “assumed” restructuring education based on dialogue;
- promoting a professional transition model that is less unequal, less complex and more efficient;
- making restructuring a society challenge benefiting all and involving everyone.



How does the French restructuring model face the crisis since 2008 ? Beside its **shock effect** in terms of job losses, earnings losses, income contraction, distrust, panics, short term hoarding, need for protection, pressures in favor of protectionism, and so on, the present crisis has two other characteristics widely discussed during the French national seminar:

- A **revealing effect**, in terms of collective perception of some policy defects and holes, which were before well-known but tolerated, and become an emergency matter. This applies for example the situation of temporary workers, for the de-socialized youth which could not find a real help because for benefitting from the minimum income one needs to be older than 25. But also for the unemployed workers with little compensation rights.
- An **acceleration effect**. In France, like in other EU countries, the idea of combining short time working and training in order to protect workers from a too big fall in their income and to prepare them to a new generation of jobs, is quickly spreading under diverse forms and supported/implemented by very different actors: social partners, but also local communities, or the State. The acceleration of initiatives in this direction was first a future-oriented answer to the emergency, but is grounded on the more general idea that the community should organize transitions in a dynamic way. This idea was pre-existing: it is now perceived as convincing.

### 5.1 Policies and measures: what efficiency ?

The French restructuring model is rich: it includes a lot of policy areas, tools, agreements. It involves actors at different levels: national, sector, company territories. According participants to the seminar, French good practices could be divided between anticipation, preparation and management of restructuring, but also between national, territorial and company levels.

#### 5.1.1 ANTICIPATION AND PREPARATION

Good anticipation and preparation practices include

- At national level: national agreements on social modernization (ANI 11 January 2008) and its variants (FTLV ANI 9/01/08, 14/11/08 ANI GPEC, Ass. Chômage, ANI 23/12/08)
- At company level: HR planning and negotiation processes linked to it (including the now compulsory negotiation on strategic aspects)
- At territorial level: poles of competitiveness, especially when including a link with employment policy and social dialogue, and mobilization of actors in the territories focusing increasingly at HR planning at territorial level. This include among others the “maisons de l’emploi” (more than 200 all over the country but their development has been stopped by government)

The seminar enabled to discuss two case studies related to

- Anticipation of change at company level through transnational agreement with the example of Schneider
- Development of poles of competitiveness through the example of Cap Digital (region of Paris).

The results of these discussions are summarized in the following table:

Case study	Success factors	Main problems	Potential of improvement
Schneider	<ul style="list-style-type: none"> <li>● Individual dimension</li> <li>● Based on solid principles: competitiveness and competencies</li> <li>● During recession Schneider is well equipped</li> <li>● CSR approach</li> <li>● Set up of a common language</li> </ul>	<ul style="list-style-type: none"> <li>● Too early for drawing lessons learnt</li> <li>● To put in place and transfer in different regions.</li> </ul>	<ul style="list-style-type: none"> <li>● To capitalize the experience gained and to transform in a stable process</li> </ul>
Cap digital	<ul style="list-style-type: none"> <li>● Promote competitiveness, stop delocalisation</li> <li>● Cluster of SMEs.</li> </ul>	<ul style="list-style-type: none"> <li>● HR issues for SMEs.</li> <li>● No obligations for working together with social partners</li> <li>● Building process based on projects: how to ensure stability of career paths?</li> </ul>	<ul style="list-style-type: none"> <li>● How define common priorities among the members?</li> <li>● Tools for future trends and their transformation into operational scheme</li> </ul>

Anticipation got a prominent emphasis in France since the 90ies. It has accelerated more recently with the recent development of collective bargaining on that issue, especially through HR planning, the reforms of vocational training, an increasing number of employment and skills observatories at sector level but also through numerous initiatives related to territorial development strategies. Seminar's participants particularly emphasized negotiations related to HR planning and long term strategic dimensions taking place at company level. They saw the concept of Investment strategic fund as promising. They also agreed that the change of attitudes among social partners towards anticipation and preparation of change is now widely spread. Social dialogue became increasingly more effective and a lot of agreements have been signed at transnational, national, sector and company levels. However discussions show that implementation is crucial and remains quite weak: it is still difficult to share anticipation strategies between different stake holders, within the companies but also between companies and territorial stake holders. Trust is an essential prerequisite and, up to now, incomplete.

Two issues remain critical

- Development of good practices is still restricted to large scale companies and does not include most of SMEs.
- The switch from professional mobility schemes to individual behaviour is quite rare.

Territorial HR planning as well as territorial social dialogue initiatives are now proliferating: some regions started to set up cross bridges between sectoral and territorial HR planning; but HR planning at company level have unknown effects on territories. Most regions and territories adopted local and regional development strategies but the link with responses to short term crisis and concrete solutions for employees is quite difficult. Despite legal frameworks and incentives, there is still a lack of re industrialization schemes.

Unequal treatment has been mentioned as a big challenge for the French restructuring model. The crisis enabled to the creation of cross sectoral funds for training schemes addressing vulnerable workers. But it is too early to assess their outcomes.

### 5.1.2 MANAGEMENT AND ACCOMPANIMENT

Policies and measures related to management and accompaniment are, in comparison with anticipation, more stable. The emphasis on active labour market policies dates back from the late eighties. New developments are linked to more interaction between information, consultation and negotiation at company level, to more transitional frameworks developed at national and local levels.

Management and accompaniment good practices include

- At company level: bargaining and method agreements which go beyond information and consultation “only”; revitalisation agreements enable to fund new activities in case of major downsizing and re/outplacement units or replacement leaves (“congés de reclassement”) allow to offer individual support for job mobility and professional transition within the company or company to company.
- At national level: a huge effort to extend and better cover short time work in order to find out an alternative to dismissals during the crisis and the development of the CTP (contract for professional transitions) in 40 territories with a view to be generalised all over the country.

The seminar enabled to discuss two case studies related to

- restructuring and social dialogue in the St Gobain group
- the outcomes of the CTP in the area of Morlaix (West of France).

The results of these discussions are summarized in the following table:

	Success factors	Main problems	Potential of improvement
<b>Transitio CTP</b>	<ul style="list-style-type: none"> <li>• Assessment needs method</li> <li>• Direct contact with enterprises</li> <li>• Duration of schemes</li> <li>• Effectiveness of the approach implemented: hearing, understanding, problem solving.</li> <li>• Modus operandi: “maintenance” for maintaining employability</li> </ul>	<ul style="list-style-type: none"> <li>• Management of different target groups</li> <li>• Ensuring proper allocation of funds .</li> </ul>	<ul style="list-style-type: none"> <li>• To include new forms of orientation/training towards Social services, occupational health, specialised medical services</li> <li>• To integrate in the employment contract a clause regarding the extension of the duration of at least 6 months</li> </ul>
<b>Saint Gobain</b>	<ul style="list-style-type: none"> <li>• Quality of relationships (SD)</li> <li>• Projects for re- employment</li> <li>• Plan de safeguard</li> <li>• Collaboration with Work council</li> <li>• Financial means</li> <li>• Anticipation of the economic change : measure at GPEC level.</li> </ul>	<ul style="list-style-type: none"> <li>• What is the objective of the experience?</li> <li>• Level of representativeness</li> <li>• Insufficient measures for accompanying staff (psychological, professional, etc.)</li> <li>• Follow up?</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and evaluation</li> </ul>

Seminar’s participant emphasized the importance of the framework of “plans de sauvegarde de l’emploi” to be set up when collective dismissals occur. Although concerning not more than 10% of “restructured workers”, they remain important, with controversial effects:

- the search of individual solutions in order to avoid the “burdens” and the length linked to collective dismissals
- information and formal consultation process predominate over true negotiation and the latter is mainly restricted to social consequences
- a new but serious aspect, related to the consequences of restructuring on health, is largely ignored or even denied
- despite the emphasis on active social measures, trust is still missing and workers prefer money to other compensations
- the new policy of retaining seniors at work contradicts social and still business demands favouring early retirement.

At territorial levels, professional transition contract (CTP), one of the most recent and promising initiative, is, if to be generalised in the country, facing an important funding issue. The experience of revitalizing actions, including 400 agreements signed with companies having undertaken major downsizing, seems quite effective but contribute only to a small extent to long term local development strategies.

Despite recent efforts to tackle the issue of unequal treatment – SMEs towards big large scale companies, permanent workers towards temporary - most of those good practices apply mainly for a minority of restructured workers. Mobility and training for vulnerable workers are requiring not only company but also local and sustainable schemes. And the proliferation of actors and initiatives is not balanced by a sufficient degree of coordination and cooperation: schedules and times for action are not the same; stratification of measures makes general policies complex and not easily accessible to SMEs.

## 5.2 Policies and measures: what transferability ?

The transferability issue includes include two aspects:

- within France, between companies, regions and sectors
- EU wide; the results of the French national being able to deliver opinions of French participants only, which by nature represent a limit of the discussion.

Regarding anticipation and preparation, participants mentioned first among transferable measures and policies the poles of competitiveness, before HR planning or negotiation at company level, including transnational agreements, still rare but very innovative. Those measures are now widely spread throughout the country but up to now only the concept of poles has attracted a significant attention from abroad.

Regarding management and accompaniment, re- and outplacement units were mentioned by participants as the most effective tool in France like in many EU countries, before replacement leaves, bargaining and method agreements and “plans de sauvegarde de l’emploi”. It represents both a more general picture about the dissemination of such measures across the country but also their own weaknesses in terms of impact: they apply mainly for large scale company and do not include temporary workers. Transferability of CTP is now widely discussed with the funding issue not solved.

### 5.3 General conclusions

Three main features characterize the French current restructuring model:

- 1) There is not lack of measures/tools: there is a common understanding on the need to rationalise and streamline the existing stratified Restructuring framework in order to ensure more transparency and equal treatment.
- 2) The inequalities among workers affected by restructuring and at company level are frequent and there is the risk to create a system characterized by disparities.
- 3) The territorial dimension represents a useful opportunity at two levels: for the individual workers through the CTP and for the companies in terms of potentiality for the economic development and territorial revitalization.

Still mainly focused on management of restructuring, the French system, facing the crisis, started to move towards more real preparation and anticipation. National, territorial and company initiatives are proliferating while sector level innovations appear to be less dynamic. Key success factors consist of

- trust (as a cultural factor not depending on legal bindings),
- co operation among actors
- shared commitment towards the same objective
- investment in future skills and future jobs, accessible for all workers and overcoming present and heavy inequalities
- implementations of schemes enabling professional mobility within the same companies or from company to company;
- ability to move from a collective approach towards individual plans.

Necessity of change, still widely discussed in the past, appears less controversial at present times. But ways to do it still require energy, fairness and practicability.

## List of abbreviations used in the report

Abbreviation	French	English
<b>AFPA</b>	Association pour la formation professionnelle des adultes	Association for the vocational training of adults
<b>BTP</b>	Bâtiments et travaux publics	Construction sector
<b>CBE</b>	Comité de Bassin d'Emploi	Employment Area Committee
<b>CDC</b>	Caisse des dépôts et de consignations	Consignment and Loans Fund
<b>CDD</b>	Contrat à durée déterminée	Fixed-term contract
<b>CDI</b>	Contrat à durée Indéterminée	Open-ended contract
<b>CE</b>	Comité d'entreprise	Work's Council
<b>CFDT</b>	Confédération Française Démocratique du Travail	French Democratic Confederation of Workers (Trade-union)
<b>CIADT</b>	Comité interministériel pour l'aménagement et le développement du territoire	Inter-ministerial committee for regional development and planning
<b>CIF</b>	Congés Individuels de Formation	Individual training leave
<b>CTP</b>	Contrat de transition professionnelle	Professional transition contract
<b>DARES</b>	Direction de l'animation de la recherche, des études et des statistiques	Labour ministry department in charge of research, studies and statistics
<b>DIF</b>	Droit Individuel à la formation	Individual right to training
<b>EMCC</b>	Observatoire européen du changement	European Monitoring Centre on Change
<b>FNRT</b>	Fonds National de revitalisation des territoires	National regional revitalisation fund
<b>GPEC</b>	Gestion prévisionnelle des emplois et compétences	Human resource planning
<b>INSEE</b>	Institut national de la statistique et des études économiques	National Institute of Statistics and Economic Studies
<b>IRES</b>	Institut de recherches économiques et sociales	Institute of economic and social research
<b>LEEM</b>	Les entreprises du médicament	French Drug Companies Association
<b>OPA</b>	Offre public d'achat	Takeover
<b>OREF</b>	Observatoires Régionaux Emploi Formation	Regional observatories on jobs and training
<b>PACA</b>	Provence-Alpes-Côte d'Azur	French Region Provence-Alpes-Côte d'Azur
<b>PIB</b>	Produit Intérieur Brut	Gross Domestic Product
<b>PME</b>	Petites et moyennes entreprises	Small and medium enterprise
<b>SMIC</b>	Salaire minimum interprofessionnel de croissance	Index-linked minimum growth wage
<b>SMNA</b>	Secteurs marchands non agricoles	Non agricultural trade sector
<b>UE</b>	Union Européenne	European Union
<b>VAE</b>	Validation des acquis de l'expérience	Validation of experience acquired